



# STIC Search Report

## EIC 3600

STIC Database Tracking Number: 149802

TO: Elaine Gort  
Location: 7B21  
Art Unit : 3627  
Tuesday, April 05, 2005

Case Serial Number: 09671783

From: Sylvia Keys  
Location: EIC 3600  
Knox 4A70  
Phone: 571.272.3534

sylvia.keys@uspto.gov

### Search Notes

Dear Examiner Gort,

Please read through the results.

If you have any questions, please do not hesitate to contact me.

Sylvia

Reviewed  
All  
5/10/05

## EIC2100 COMMERCIAL DATABASE SEARCH REQUEST

Staff Use Only

## Complete 705 Template Search Requested

Refocus search

- Also, if you could

refocus the search on

using share price volatility

(which is typically called

Beta or  $\beta$ ) in predicting

default rates

Thanks

- Elaine

Earliest Priority Filing Date: 9/27/00

## Requested attachments:

- If possible, provide the cover sheet, the IDS, examples, or relevant citations
- Please attach copies of the parts of this case that help explain or are most abstract, background, summary, claim(s) [not all of the claim]

See particularly claims 1

The claimed or apparent novelty of the invention is:

estimating an expected default rate using these factors:

price of shares (stock price)

volatility of price ( $\beta$  - beta or change in stock price)

debt per share (liabilities per share)

This search should focus on:

(Also include keywords or synonyms)

See above

and attached claims

Access DB# 148150

Log Number

d files for 705 cases or cases cross referenced in 705.

Examiner #: 77459 Date: 3/19/05/308-6391 Serial Number: 9/671,793Results Format Preferred: PAPER  
ted, please prioritize searchesfollowing:  
heet

Sylvia

- can you please

provide me a

complete copy of

the docs I provided

a \* by

Thanks Elaine

This search should focus on:

(Also include keywords or synonyms)

Special Instructions or Other Comments

Thanks -

Special Instructions or Other Comments

Elaine



# STIC Search Results Feedback Form

## EIC 3600

Questions about the scope or the results of the search? Contact *the EIC searcher or contact:*

Karen Lehman, EIC 3600 Team Leader  
571.272.3496, Knox 4A58

## Voluntary Results Feedback Form

➤ I am an examiner in Workgroup:  Example: 3620 (optional)

➤ Relevant prior art **found**, search results used as follows:

- ☐ 102 rejection
- ☐ 103 rejection
- ☐ Cited as being of interest.
- ☐ Helped examiner better understand the invention.
- ☐ Helped examiner better understand the state of the art in their technology.

Types of relevant prior art found:

- ☐ Foreign Patent(s)
- ☐ Non-Patent Literature  
(journal articles, conference proceedings, new product announcements etc.)

➤ Relevant prior art **not found**:

- ☐ Results verified the lack of relevant prior art (helped determine patentability).
- ☐ Results were not useful in determining patentability or understanding the invention.

Comments:

Drop off or send completed forms to EIC3600 Knox Suite 4A58



File 148:Gale Group Trade & Industry DB 1976-2005/Apr 04

(c)2005 The Gale Group

\*File 148: Alert feature enhanced for multiple files, duplicate removal, customized scheduling. See HELP ALERT.

Set	Items	Description
?	t	05492057/9

05492057/9

DIALOG(R)File 148:Gale Group Trade & Industry DB  
(c)2005 The Gale Group. All rts. reserv.

05492057      SUPPLIER NUMBER: 11434712      (THIS IS THE FULL TEXT)  
**Measuring risk, both expected and unexpected. (Comment) (column)**  
Rose, Sanford  
American Banker, v156, n207, p1(2)  
Oct 25, 1991  
DOCUMENT TYPE: column      ISSN: 0002-7561      LANGUAGE: ENGLISH  
RECORD TYPE: FULLTEXT  
WORD COUNT:    1497      LINE COUNT:    00113

TEXT:

Measuring Risk, Both Expected And Unexpected

Most bankers are now aware that their stock prices are determined not by their reported returns on equity - numbers that the marketplace profoundly distrusts - but rather by their risk-adjusted ROEs. They are therefore making efforts to measure risk at the bankwide, line-of-business, customer, product, and even, in some cases, at the facility level.

As is now well known, risk must be subdivided into two components - expected and unexpected. Adjustments for expected risk should take into account the economic cost resulting from losses that occur with average frequency. Adjustments for unexpected risk should allow for deviations from this average - that is, the volatility of economic losses.

In the credit area, the first type of adjustment requires that banks incorporate into loan prices risk charges that reflect the typical loss, less recoveries, in different loan-risk categories, plus the administrative and interest expenses that occur when these loans fail to perform.

The second type of adjustment requires that banks set aside a portion of their capital to ensure institutional viability when losses become unpredictably large. The cost of this capital, equal to the size of the capital cushion times the amount the bank is required by the marketplace to earn on this capital, should also be reflected in the loan price.

Close, but No Cigar

Oliver, Wyman & Co. finds that while many banks are making laudable efforts to adjust for risk, these adjustments are as yet insufficiently differentiated. As a result, banks continue to misprice loans and miscalculate their returns. The lack of appropriate risk discrimination or gradation is to be found both in the level of risk provisioning for expected loss and in the level of capitalization for unexpected loss.

The consequences of a relatively undifferentiated approach to risk assessment can be illustrated in the following example. Consider two banks, one an undifferentiated and the other a highly differentiated risk assessor. The undifferentiated bank posts risk-provisioning charges that vary quite narrowly, from 50 to 125 basis points. It assigns capital to all loans at one rate, the regulatory standard of 4% equity. Its more discriminating counterpart has risk charges that vary from 10 to 300 basis points. And its capital assignments range from as little as 1% to as much as 15%.

Each bank can book either a low-risk credit, which carries a net interest spread of 50 basis points, or a high-risk credit, which commands a

net interest spread of 300 basis points. To which of these loans would the two banks gravitate?

#### Calculating the Equity Benefit

The undifferentiated risk assessor views the calculus as follows: The low-risk loan is assigned its lowest risk charge of 50 basis points and, like any other loan, a capital charge of 4%. So the revenue of 50 basis points must be adjusted for the fact that 4% of the money needed to fund the loan comes from interest-free equity that displaces borrowed funds.

If the marginal cost of funds equals 8%, then the benefit from using 4% equity amounts to 32 basis points. Therefore revenue plus equity benefit equal 82 basis points. Net of the 50-basis-point risk charge and, say, 10 basis points in operating costs, the income from this low-risk loan sums to 22 basis points pretax and 14 basis points after tax. In consequence, the risk-adjusted ROE (14 divided by 400) amounts to only 4%. The loan is viewed as undesirable.

By contrast, the high-risk credit seems quite attractive. It sports a net interest revenue of 300 basis points. And since the bank assigns the same 4% equity to this loan as it does to all others, revenue plus equity benefit equal 332 basis points (300 plus 32). Net of, say, 50 basis points in expenses (reflecting the obvious fact that it costs more to monitor a high-risk than a low-risk credit) and the bank's highest expected-loss risk charge of 125 basis points, the pretax on the high-risk credit comes to 157 and the after-tax to 102. Based on its view of risk, the bank rushes to book this loan because its ROE amounts to 26%.

#### A Radical Difference

The other bank sees matters in a quite different light. Striving to allocate capital according to true economic risk, the bank assigns only a 1% capital cushion to the low-risk credit and a 10-basis-point provisioning charge. Thus the pretax amounts to 50 (revenue) plus 8 (capital benefit) minus 10 (expected-risk charge) and 10 (expenses), or a total of 38. The after-tax therefore comes to 25, which, given only a 1% capital levy, of course yields an ROE of 25%, not the 4% calculated by the other bank. This bank quite naturally rushes to book the low-risk credit.

Correspondingly, it spurns the high-risk credit that the other institution found so attractive. That's because, being a discriminating risk assessor, it loads the high-risk loan with its highest provision of 300 basis points and its highest capital allocation of 15%.

Hence pretax income (revenue of 300 plus equity benefit of 120 minus operating cost of 50 and risk provision of 300) equals 70. And an after-tax of 46 divided by 1500 yields only a 3% return.

Which bank is right? On Sept. 12, this writer published an article in this space detailing a new method for assessing loan default probabilities based on stock price movements. This method, whose record for predicting loan defaults has been proved far superior to that of the rating agencies, identifies a range of default probabilities for 5,000 companies that goes from as little as 2 basis points to as much as 20%.

#### Discrimination Pays

Based on this research, one would have to conclude that a schedule of expected losses that varies from 10 basis points to 300 basis points is more apt to be correct than one that moves from only 50 to 125 basis points. While the above example is obviously hypothetical, it would appear that the more differentiated risk provisioner is probably on the right track, while the less discriminating institution is more prone to err.

And since we know that unexpected losses tend to be proportional, though not linearly proportional, to expected ones, a bank that varies its capital assignments by as much as 14 percentage points unquestionably comes a lot closer to economic reality than one that mechanically applies the regulatory standard of 4%.

Thus the more discriminating lender is more likely to opt for a loan whose risk-adjusted return is high enough to satisfy the marketplace, which, if this situation is broadly generalizable, will respond by bidding

up the bank's stock. Indeed, this bank can increase shareholder wealth even if it somewhat undercuts prevailing prices for the low-risk credit, thereby increasing its market share in this loan category. By contrast, the bank whose concept of risk adjustment is insufficiently graduated will probably continue to bid for loans with inadequate returns, causing investors to further discount its stock price.

#### Changing the Market's View

The point of this exercise is as simple as its homely example. Until banks become as sophisticated in measuring the cost of risk as many have recently become in measuring the cost of loan funds and in assigning the appropriate amount of noninterest expenses to each loan asset, they will not be able to alter the marketplace's rather negative view of the industry's prospects.

Understanding the cost of risk presupposes a methodology for assessing both expected and unexpected losses. It is Oliver, Wyman & Co.'s view that the expected losses of both public and private companies can be estimated from the volatility of the former's stock prices, as indicated in the article of Sept. 12.

It is also our view that the unexpected loss of a loan and therefore its appropriate capitalization can be derived mathematically from (1) its expected loss, (2) the correlation between this loss and those of the other loans in the portfolio (these correlations can, in fact, be deduced from the observable correlations in company stock returns), and (3) the size of the loan in relation to that of the portfolio.

Those banks that investigate this method can acquire the knowledge needed to price efficiently, to identify their more profitable customer and product segments, to differentiate service levels according to profit potentials, to gear compensation packages to these same potentials, and, in the final analysis, to enter or exit whole lines of business.

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INDUSTRY CODES/NAMES: BANK Banking, Finance and Accounting

DESCRIPTORS: Banking industry--Finance; Rate of return--Management; Bank capital--Management

SIC CODES: 6000 DEPOSITORY INSTITUTIONS; 6020 Commercial Banks

FILE SEGMENT: TI File 148

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Set	Items	Description
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? t 0121751/9

0121751/9

DIALOG(R)File 625:American Banker Publications  
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0121751

**\* Measuring Risk, Both Expected and Unexpected**

American Banker - October 25, 1991; Pg. 1; Vol. 156, No. 207

SECTION HEADING: Comment

ARTICLE TYPE: Column; Main

WORD COUNT: 1,432

BYLINE:

By SANFORD ROSE

TEXT:

Most bankers are now aware that their stock prices are determined not by their reported returns on equity - numbers that the marketplace profoundly distrusts - but rather by their risk-adjusted ROEs. They are therefore making efforts to measure risk at the bankwide, line-of-business, customer, product, and even, in some cases, at the facility level.

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Those banks that investigate this method can acquire the knowledge needed to price efficiently, to identify their more profitable customer and product segments, to differentiate service levels according to profit potentials, to gear compensation packages to these same potentials, and, in the final analysis, to enter or exit whole lines of business.

Mr. Rose, formerly senior columnist for this newspaper, is now associated with Oliver, Wyman & Co., New York.

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COMPANY NAMES (DIALOG GENERATED): Oliver Wyman & Co

?

File 344:Chinese Patents Abs Aug 1985-2004/May  
 (c) 2004 European Patent Office  
 File 347:JAPIO Nov 1976-2004/Nov(Updated 050309)  
 (c) 2005 JPO & JAPIO  
 File 350:Derwent WPIX 1963-2005/UD,UM &UP=200521  
 (c) 2005 Thomson Derwent  
 File 348:EUROPEAN PATENTS 1978-2005/Mar W04  
 (c) 2005 European Patent Office  
 File 349:PCT FULLTEXT 1979-2005/UB=20050331,UT=20050324  
 (c) 2005 WIPO/Univentio  
 File 331:Derwent WPI First View UD=200520  
 (c) 2005 Thomson Derwent  
 File 371:French Patents 1961-2002/BOPI 200209  
 (c) 2002 INPI. All rts. reserv.

Set	Items	Description
S1	149	(SHARE OR SHARES OR STOCK OR STOCKS) ( ) (PRICE OR PRICES) (5N- ) (VOLATIL? OR FLUCTUAT? OR BETA)
S2	2062627	(PREDICT? OR FORECAST? OR FORETELL? OR ESTIMAT? OR DETERMI- N? OR PROBABILIT?)
S3	3981	S2(5N)DEFAULT?
S4	101	S2(5N)(COMPANY OR BUSINESS)(5N)(DEFAULT? OR LOSS OR LOSSES)
S5	3958	AU=(LARDY, J? OR LARDY J? OR FINKELSTEIN, V? OR FINKELSTEIN V? OR KHUONG()HUU, P? OR KHUONG()HUU P? OR YANG, Y? OR YANG - Y?)
S6	0	S1(10N)S3
S7	1	S1(10N)S4
S8	8	S1 AND (S3 OR S4)
S9	7	S8 NOT S7
S10	0	S5 AND S1

7/3,K/1 (Item 1 from file: 350)  
DIALOG(R)File 350:Derwent WPIX  
(c) 2005 Thomson Derwent. All rts. reserv.

014108980 \*\*Image available\*\*  
WPI Acc No: 2001-593192/200167  
XRPX Acc No: N01-442041

Premium calculation system for motor vehicle insurance, computes value of  
new insurance premium based on solving previous payment parameters and  
fluctuation parameters, using predetermined information

Patent Assignee: HITACHI JOHO SYSTEMS KK (HITA-N)

Number of Countries: 001 Number of Patents: 001

Patent Family:

Patent No	Kind	Date	Applicat No	Kind	Date	Week
JP 2001222594	A	20010817	JP 200029884	A	20000208	200167 B

Priority Applications (No Type Date): JP 200029884 A 20000208

Patent Details:

Patent No	Kind	Lañ Pg	Main IPC	Filing Notes
JP 2001222594	A	6	G06F-017/60	

Abstract (Basic):

... An appropriate and correct value of premium is calculated, using  
the current payment information and **fluctuations** in premium value  
such as **stock price**, etc. Also the profit and **loss** of **company**  
management is **determined** appropriately, depending on the degree of  
risk of the company management...

9/3,K/1 (Item 1 from file: 348)  
DIALOG(R)File 348:EUROPEAN PATENTS  
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01587493

Business performance index processing system  
Verarbeitungssystem fur Geschäftsleistungsindex  
Systeme de traitement de l'indice de performance d'entreprise

PATENT ASSIGNEE:

Hitachi, Ltd., (204145), 6 Kanda Surugadai 4-chome, Chiyoda-ku, Tokyo  
101-8010, (JP), (Applicant designated States: all)

INVENTOR:

Sakui, Hiroshi, Hitachi, Ltd., 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo  
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100-8220, (JP)

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Tokyo 100-8220, (JP)

Ikeda, Yuichi, Hitachi, Ltd., 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo  
100-8220, (JP)

LEGAL REPRESENTATIVE:

Strehl Schubel-Hopf & Partner (100941), Maximilianstrasse 54, 80538  
Munchen, (DE)

PATENT (CC, No, Kind, Date): EP 1316906 A1 030604 (Basic)

APPLICATION (CC, No, Date): EP 2002026692 021129;

PRIORITY (CC, No, Date): JP 2001369083 011203

DESIGNATED STATES: CH; DE; FR; GB; LI; NL

EXTENDED DESIGNATED STATES: AL; LT; LV; MK; RO; SI

INTERNATIONAL PATENT CLASS: G06F-017/60

ABSTRACT WORD COUNT: 129

NOTE:

Figure number on first page: 1

LANGUAGE (Publication,Procedural,Application): English; English; English

FULLTEXT AVAILABILITY:

Available Text	Language	Update	Word Count
CLAIMS A	(English)	200323	1208
SPEC A	(English)	200323	8606
Total word count - document A			9814
Total word count - document B			0
Total word count - documents A + B			9814

...ABSTRACT is used to perform the calculations for obtaining: a capital composition corresponding to a predetermined **default probability** based on a **probability** distribution of a return on investment; a weighted average cost of capital based on the...

...SPECIFICATION ROI). The three parameters are: a capital composition (debt/equity ratio) that satisfies a predetermined **default probability**; a weighted average cost of capital based on the capital composition, and a borrowing cost...

...the present invention;

Fig. 2 is a diagram showing each combination of a rating, a **default probability**, and a borrowing cost;

Fig. 3 is a diagram used for calculating an equity risk...25 is a graph showing actual ROI and the risk (standard deviation) that MAPT analysis **estimates**.

Fig. 26 is a graph showing the achieve **probability** and the **loss probability** by business unit.

Fig. 27 is a graph showing efficient frontier and each business unit position and...

...cost is first calculated.

Calculation of the borrowing cost proceeds as follows. First of all, **default probability** and borrowing cost values associated with different credit ratings are established as shown in Fig...

...past default records, actual market standings, and the like. When a target rating of the **business** unit to be evaluated is set in step 100, the **default probability** of the **business** unit concerned is **determined** in step 102, and the borrowing cost (Rd) of the business unit concerned is determined...capital composition (an optimum debt/equity ratio) is next performed. It is obtained from the **default probability** (e.g., 0.1%) **determined** in step 102 and a **business risk**. The business risk can be represented by a stochastic distribution of the ratio (ROI...

...distribution curve) shown in Fig. 2, a specific ROI value is identified according to the **default probability** (e.g., 0.1%) and the capital composition (the debt/equity ratio) corresponding to the...

...on the business risk (ROI distribution) and a set target credit rating (that is, the **default probability** ).

The following description elaborates on it. In the ROI distribution curve shown in Fig. 2...

...that the equity accounts for 40% of the invested capital in order to set the **default probability** at 0.1%.

The required capital composition (an optimum debt/equity ratio) and the weighted...Internet.

The data file 180 stores therein a table of credit ratings relating to corresponding **default probability** and borrowing cost values shown in Fig. 3. This table is generally created as follows. Namely, credit rating data and **default probability** data which are disclosed by credit-rating firms are purchased and input through the input...

...stored in the temporary storage unit 176 (304). The processing unit 174 next calculates the **default probability** from the tabulated data of Fig. 3. The result thereof is temporarily retained in the...

...added (MEVA) will be described with reference to Fig. 18. To calculate the equity risk ( **beta** ) from **volatility** of the **stock prices** (step 106), **volatility** of past Tokyo **stock prices** and that of the stock prices to be evaluated are obtained from an external database...

...For the calculation of the required capital composition (112), when a setting value for the **default probability** of the enterprise to be evaluated is entered through the input unit 170 (322), the...

...unit 174 calculates the required capital composition based on the result of calculation of the **business risk** (110) and the **default probability** (102). The processing unit 174 then calculates the weighted average cost of capital according to...left accordingly across it when the rating of "A," "BBB," or the like or the **default probability** of 0.01% or the like is entered, or selected from the rating/ **default probability** table shown in the screen. In addition, clicking different parts of the screen as shown...the business portfolio and to issue alarm. Input data are as follows.

DB400 Database of **Stock Price ( beta )** by business unit.

DB402 Database of financial information by business unit. Items are Invested Capital...

...distribution in DB425. (See Fig. 1's explanation for detail)

Step 472 calculates the achieve **probability** (\*) and the **loss probability**. This step uses the planned operating profit and **loss** by **business** unit in DB408 and invested capital by **business** unit in DB402. Calculated values are stored in DB426.

(\* The achieve probability means the probability...Input data is actual ROI (= Operating Profit / Invested Capital) in DB402 of Fig. 21 and **estimated** ROI risk by **business** unit in DB424 of Fig. 21. **Estimated** risk gain and **loss** is compared to actual ROI in this graph. It makes possible to check an estimated...

...points of three probabilities. In this graph, horizontal axis is ROI (%); vertical axis is cumulative **probability** (%). A line graph is cumulative distribution graph of "A" **business** unit's ROI. Three points are achieve **probability**, **default probability** and **loss probability**. Input data are the achieve **probability** and the **loss probability** by **business** unit in DB 426 of Fig. 21. To get grasps of various risk at a...

...CLAIMS profit to an investment amount, a capital composition (debt/equity ratio) that satisfies a predetermined **default probability**, a weighted average cost of capital based on the capital composition, a borrowing cost, and...storage device having therein a file that stores therein information relating to credit rating and **default probability**, a file that stores therein information relating to stock prices, a file that stores therein...

9/3,K/2 (Item 2 from file: 348)  
DIALOG(R)File 348:EUROPEAN PATENTS  
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01548892

System to calculate business performance index

System zur Berechnung von Geschäftsleistungskennwert

Systeme pour calculer d'un index de performance d'entreprise

PATENT ASSIGNEE:

Hitachi, Ltd., (204151), 6, Kanda Surugadai 4-chome, Chiyoda-ku, Tokyo 101-8010, (JP), (Applicant designated States: all)

INVENTOR:

Ichihari, Genichiro, Hitachi, Ltd., Intellectual Prop. Group, 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8220, (JP)

Ikeda, Yuichi, Hitachi, Ltd., Intellectual Prop. Group, 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8220, (JP)

Sakui, Hiroshi, Hitachi, Ltd., Intellectual Prop. Group, 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8220, (JP)

Abe, Kazuo, Hitachi, Ltd., Intellectual Prop. Group, 5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8220, (JP)

LEGAL REPRESENTATIVE:

Strehl Schubel-Hopf & Partner (100941), Maximilianstrasse 54, 80538 Munchen, (DE)

PATENT (CC, No, Kind, Date): EP 1288813 A1 030305 (Basic)

APPLICATION (CC, No, Date): EP 2002018913 020823;

PRIORITY (CC, No, Date): JP 2001258554 010828; JP 2001368833 011203

DESIGNATED STATES: CH; DE; FR; GB; LI; NL

EXTENDED DESIGNATED STATES: AL; LT; LV; MK; RO; SI

INTERNATIONAL PATENT CLASS: G06F-017/60

ABSTRACT WORD COUNT: 124

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Figure number on first page: 1

LANGUAGE (Publication,Procedural,Application): English; English; English  
FULLTEXT AVAILABILITY:

Available Text	Language	Update	Word Count
CLAIMS A	(English)	200310	2325
SPEC A	(English)	200310	5816
Total word count - document A			8141
Total word count - document B			0
Total word count - documents A + B			8141

...ABSTRACT required capital composition (an optimum debt/equity ratio) of an invested capital with a corresponding **default probability** based on a **probability** distribution of a return on investment; a weighted average cost of capital based on the...

...SPECIFICATION value for creditors; analyzing risk profile and measuring risk amounts in developing and expanding businesses; **estimating default probability**; and reducing social and environmental burden. They are achieved through a correct evaluation made of...

...is a drawing showing a percentage distribution of debt and equity to achieve a target **default probability**;

Fig. 3 is a diagram showing each combination of a rating, a **default probability**, and a borrowing cost;

Fig. 4 is a diagram used for calculating an equity risk (**beta**) from a **stock price** and a market index;

Fig. 5 is a diagram used for calculating an equity cost...of borrowings and determined by a credit rating set according to a credit risk of **default probability**. There is a relationship among the credit rating, **default probability**, and borrowing cost in enterprises. For example, an enterprise having a credit rating of "AAA" is assigned with a **default probability** of "0.001%" and a borrowing cost of "1.5%". An enterprise having a credit rating of "A" is assigned with a **default probability** of "0.1%" and a borrowing cost of "1.7%". A table of credit ratings relating to corresponding **default probability** and borrowing cost values as shown in Fig. 3 is created from a database that...

...enterprise is set in step 100 using a correspondence table such as this one, the **default probability** is **determined** in step 102, and the borrowing cost is determined in step 104.

An exact relationship exists among the credit rating, **default probability**, and borrowing cost. There is no specific order of setting these parameters, although credit rating is set first in the above example. Entering any one of the credit rating, **default probability**, and borrowing cost will allow the remaining two parameters to be set.

The equity cost...

...obtained through calculation using the equation (8):

The equity risk (beta) indicates the magnitude of **volatility** of the **stock price** in question, that is, how many times as much as the volatility of the market...

...causing the enterprise to go bankrupt. That is, there is a relationship among the earnings **probability** distribution, capital composition, and **default probability**.

According to the invention, the capital composition is obtained from the earnings **probability** distribution and **default probability**.

The required capital composition (the optimum debt/equity ratio) of the invested capital can be...

...that the entire area defined by the ROI stochastic distribution curve is

a second means that calculates a **default probability** based on the target credit rating calculated and set by the first means;  
a third means that calculates a borrowing cost based on the **default probability** calculated by the second means;  
a fourth means that calculates an equity risk based on **volatility** of a **stock price** ;  
a fifth means that calculates a capital stock cost based on the equity risk calculated...

...equity ratio) from the probability distribution calculated and obtained by the sixth means and the **default probability** calculated by the second means;  
an eighth means that calculates a weighted average cost of...debt and capital using a probability distribution of a return on invested capital and a **default probability** in association with a credit rating that serves as a basis for a capital stock...  
...using a computer, comprising:  
a file that stores therein information relating to credit rating and **default probability** ;  
a file that stores therein information relating to stock prices;  
a file that stores therein...

9/3,K/3 (Item 1 from file: 349)

DIALOG(R)File 349:PCT FULLTEXT

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01203655 \*\*Image available\*\*

**SYSTEMS AND METHODS FOR MODELING CREDIT RISKS OF PUBLICLY TRADED COMPANIES**  
**SYSTEMES ET PROCEDES POUR MODELISER DES RISQUES DE CREDIT DE SOCIETES**  
**COTEES EN BOURSE**

Patent Applicant/Assignee:

CREDIT SUISSE FIRST BOSTON LLC, Eleven Madison Avenue, New York, NY 10010  
, US, US (Residence), -- (Nationality), (For all designated states  
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Patent Applicant/Inventor:

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US (Residence), US (Nationality), (Designated only for: US)  
SONG Jonathan, 172 East 4th St., Apt. 7B, New York, NY 10009, US, US  
(Residence), CA (Nationality), (Designated only for: US)  
LEE Shinghoi, 389 E 89th St, Apt. 20G, New York, NY 10128, US, US  
(Residence), NZ (Nationality), (Designated only for: US)

Legal Representative:

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Patent and Priority Information (Country, Number, Date):

Patent: WO 200510722 A2 20050203 (WO 0510722)

Application: WO 2004US23720 20040722 (PCT/WO US04023720)

Priority Application: US 2003626077 20030724; US 2004795541 20040308

Designated States:

(All protection types applied unless otherwise stated - for applications  
2004+)

AE AG AL AM AT AU AZ BA BB BG BR BW BY BZ CA CH CN CO CR CU CZ DE DK DM  
DZ EC EE EG ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ LC  
LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NA NI NO NZ OM PG PH PL PT RO  
RU SC SD SE SG SK SL SY TJ TM TN TR TT TZ UA UG US UZ VC VN YU ZA ZM ZW  
(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PL PT RO  
SE SI SK TR

(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG

(AP) BW GH GM KE LS MW MZ NA SD SL SZ TZ UG ZM ZW



(EA) AM AZ BY KG KZ MD RU TJ TM  
Publication Language: English  
Filing Language: English  
Fulltext Word Count: 8429

Fulltext Availability:  
Detailed Description  
Claims

#### Detailed Description

... and debt values calculated using the Black-Scholes formulae (2), (3), (4) and (5), the **probability** of **default** is **estimated** from the market value of the equity, the face value of the debt and the...

...credit risk model. CUSPO is an analytical model that relates an issuer's capital structure, **stock price** and the option implied **volatility** of its shares -to credit risk. CUSPO provides systematic monitoring of credit risk from forward...

...a company, the method comprising the steps of. calculating the value over time of a **company** in accordance with Zhou's model; **determining** that the **company defaults** if at a sequence of discrete observational times the value of the company falls below...

...to represent different debt amounts which come due at corresponding times; and calculating the transitional **probability** density function for the value of the **company** conditional on no **default** occurring between an initial time and an observational time using a probability vector P.

1...  
...as equations (9) and (12) described above typically yield no initial slope in the survival **probability** curve and a zero credit **default** spread near time equal to 0.

General Solution  
This second embodiment of the invention is...

#### Claim

... intensity of the jump arrival,  
t is calendar time between today and maturity T; and  
**determining** that the **company defaults** if at a sequence of discrete observational times  $t_0 = 0(\text{today}), t_1, t_2 @ \dots t_N = T$ ...

...of the jump arrival,  
5 t is calendar time between today and maturity T; and  
**determining** that the **company defaults** if at a sequence of discrete observational times  $t_0 = 0(\text{today}), t_j @ t_2 @ \dots @ t_N = T$ ...

...the jump arrival,  
t is calendar time between today and maturity T; and  
means for **determining** that the **company defaults** if at a sequence of discrete observational times  $t_0 = 0(\text{today}), t, @ t_{2i} \dots t, = T$ ...

...financial status of a company, comprising the steps of calculating the value over time of a **company** in accordance with Zhou's model;  
**determining** that the **company defaults** if at a sequence of discrete observational times  
the value of the company falls below...

...to represent different debt amounts which come due at

corresponding times; and  
calculating the transitional **probability** density function for the value  
of the **company** conditional on no **default** occurring between an initial  
time and an observational time using a probability vector P.  
1...

...comprising the equity value of a company, the debt value of a company,  
the survival **probability** of a **company** and the value of the credit  
**default** spread.

36 The method of claim 34 wherein the step of determining the value of...

...comprising the equity value of a company, the debt value of a company,  
the survival **probability** of a **company** and the value of the credit  
**default** spread.

41 a system in accordance with claim 40 wherein the step of determining  
the...

...the value over time of a company in accordance with Zhou's  
model,  
means for **determining** that the **company** **defaults** if at a sequence of  
discrete observational times the value of the company falls below...

...computerreadable medium storing instructions to perform the steps  
of calculating the value over time of a **company** in accordance with  
Zhou's model; **determining** that the **company** **defaults** if at a  
sequence of discrete observational times  
the value of the company falls below...

...to represent different debt amounts which come due at  
corresponding times; and  
calculating the transitional **probability** density function for the value  
of the **company** conditional on no **default** occurring between an initial  
time and an observational time using 1 5 a probability vector...

9/3,K/4 (Item 2 from file: 349)

DIALOG(R) File 349:PCT FULLTEXT

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01159905 \*\*Image available\*\*

**METHODS OF ISSUING, DISTRIBUTING, MANAGING AND REDEEMING INVESTMENT  
INSTRUMENTS PROVIDING SECURITIZED ANNUITY OPTIONS  
PROCEDES POUR EMETTRE, DISTRIBUER, GERER ET CONVERTIR DES INSTRUMENTS  
D'INVESTISSEMENT FOURNISSANT DES OPTIONS DE RENTE ASSUREE**

Patent Applicant/Assignee:

RETIREMENT ENGINEERING INC, 8 Fanuel Hall Marketplace, 3rd Floor, Boston,  
MA 02109, US, US (Residence), US (Nationality), (For all designated  
states except: US)

Inventor(s):

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GADENE Francois, 1 Abernathy Lane, Marblehead, MA 01945, US,

Legal Representative:

CALL Charles G (agent), 68 Horse Pond Road, West Yarmouth, MA 02673, US,  
Patent and Priority Information (Country, Number, Date):

Patent: WO 200481748 A2 20040923 (WO 0481748)

Application: WO 2004US7363 20040310 (PCT/WO US04007363)

Priority Application: US 2003453164 20030310; US 2003519104 20031112

Designated States:

(All protection types applied unless otherwise stated - for applications 2004+)

AE AG AL AM AT AU AZ BA BB BG BR BW BY BZ CA CH CN CO CR CU CZ DE DK DM  
DZ EC EE EG ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ LC  
LK LR LS LT LU LV MA MD MG MK MN MW MX MZ NA NI NO NZ OM PG PH PL PT RO  
RU SC SD SE SG SK SL SY TJ TM TN TR TT TZ UA UG US UZ VC VN YU ZA ZM ZW  
(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PL PT RO  
SE SI SK TR  
(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG  
(AP) BW GH GM KE LS MW MZ SD SL SZ TZ UG ZM ZW  
(EA) AM AZ BY KG KZ MD RU TJ TM

Publication Language: English

Filing Language: English

Fulltext Word Count: 30313

Fulltext Availability:

Detailed Description

Detailed Description

... assets now will meet the target of \$200 in twenty years, given a 1 0%  
**default estimate**, \$66 in assets could be held in reserve to allow for  
defaults and unforeseen adverse...per month per share (\$3,35 I/mo. or  
more). [Disclaimer ...

Additional features could include **estimates** based on  
participant-provided or **default** assumptions about future investment in  
the SDA products. Interactive computer software can let the user...issued  
a limited set of inflation-indexed bonds, and these can be used for  
theoretical **estimates** of inflation risk free and **default** risk free

rates of return.

There are also examples of inflation-indexed annuities. However, until...  
of the portfolio at the Fund Maturity Date, but bond immunization does  
nothing to minimize **share price volatility** before that date.

0 Credit risk, which is the chance that a bond issuer will...and are  
repaid. In general, the longer the average maturity, the more a fund's  
**share price** will **fluctuate** in response to changes in mark-et  
interest rates.

BOND: A debt security (IOU) issued...

9/3,K/5 (Item 3 from file: 349)

DIALOG(R)File 349:PCT FULLTEXT

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01073076 \*\*Image available\*\*

METHOD AND APPARATUS FOR PROTECTING AN ENTITY AGAINST LOSS IN ITS VALUATION  
PROCEDE ET APPAREIL DE PROTECTION D'UNE ENTITE CONTRE UNE PERTE DE SA  
VALEUR

Patent Applicant/Inventor:

ALTSCHULER Douglas H, 920 Park Avenue #11D, New York, NY 10028, US, US  
(Residence), US (Nationality)

Legal Representative:

TUCKER Guy V (agent), 1108 Dwight Way, Berkeley, CA 94702, US,

Patent and Priority Information (Country, Number, Date):

Patent: WO 2003102733 A2-A3 20031211 (WO 03102733)

Application: WO 2003US17156 20030529 (PCT/WO US03017156)

Priority Application: US 2002384198 20020529

Designated States:

(Protection type is "patent" unless otherwise stated - for applications prior to 2004)

AE AG AL AM AT AU AZ BA BB BG BR BY BZ CA CH CN CO CR CU CZ DE DK DM DZ  
EC EE ES FI GB GD GE GH GM HR HU ID IL IN IS JP KE KG KP KR KZ LC LK LR  
LS LT LU LV MA MD MG MK MN MW MX MZ NI NO NZ OM PH PL PT RO RU SC SD SE  
SG SK SL TJ TM TN TR TT TZ UA UG US UZ VC VN YU ZA ZM ZW  
(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PT RO SE  
SI SK TR  
(OA) BF BJ CF CG CI CM GA GN GQ GW ML MR NE SN TD TG  
(AP) GH GM KE LS MW MZ SD SL SZ TZ UG ZM ZW  
(EA) AM AZ BY KG KZ MD RU TJ TM

Publication Language: English

Filing Language: English

Fulltext Word Count: 11362

Fulltext Availability:

Detailed Description  
Claims

Detailed Description

... information to the public, and frequently, if it is regarded as being of significance, the **stock price** will **fluctuate** as a result, depending on whether the public perceives the information to be positive or...

...company comprises offering an insurance policy to a company, the policy including terms providing the **company** with a payout when the **company** undergoes a predetermined **loss** in its valuation, determining a first valuation of the **company**, **10 determining** a second valuation of the company, the second valuation being associated with a negative event...

...of the policy, at least one of the values being a predetermined amount of a **loss** in the **company**'s valuation; means for **determining** a premium based on the one or more input values, and means for determining when...

...risk mitigating strategy based on one or more values associated with an analysis of the **company**, and means for **determining** an amount of payout based on a **loss** of valuation of the **company**.

In another aspect of the invention, a method for allowing a company to protect itself...

...the number of the company's outstanding shares of stock.

0 The market capitalization will **fluctuate** with changing **stock price**. Thus, the company's value will be reduced when its stock price drops. When a...

...determination as to whether or not the negative event significantly affected the valuation of the **company** 120. If it is **determined** that the **loss** in valuation is significant as agreed upon by the parties, the **company** may collect an insurance payout 125 in order to compensate at least partly for the...LOSS) that will make up the payout. For example, in one version it may be **determined** that the % **LOSS** will be 50%. If the insured **company** then 5 terminates a program and suffers a **loss** in valuation as a result, then the **company** may collect a payout equal to 50% of the **loss**. The precise definitions of what makes up a loss may of course be contractually agreed...

Claim

... method

comprising:

offering an insurance policy to a company, the policy including terms providing the company with a payout when the company undergoes

a predetermined loss in its valuation,

determining a first valuation of the company ,

determining a second valuation of the company, the second valuation being associated with a negative event...

...of the policy, at least one of the values being a predetermined amount of a

loss in the company 's valuation;

means for determining a premium based on the one or more input values, and

3 0 means for...

...35 A data processing system according to claim 34 further comprising means for inputting or determining a company 's actual loss in valuation.

36 A data processing system according to claim 35 further comprising means for determining the amount of payout based on the company 's actual loss in valuation.

37 A data processing system for use in administering an insurance policy to...

...risk mitigating strategy based on

one or more values associated with an analysis of the company , and

means for determining an amount of payout based on a loss of valuation of the company .

5 42. A data processing system according to claim 41 further comprising means for inputting...

9/3,K/6 (Item 4 from file: 349)

DIALOG(R)File 349:PCT FULLTEXT

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01062761

METHOD AND MEDIUM FOR FINANCIAL DISCLOSURE

PROCEDE ET SUPPORT DE DIVULGATION DE RENSEIGNEMENTS FINANCIERS

Patent Applicant/Inventor:

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Patent and Priority Information (Country, Number, Date):

Patent: WO 200391853 A2-A3 20031106 (WO 0391853)

Application: WO 2003US13011 20030424 (PCT/WO US03013011)

Priority Application: US 2002376078 20020425

Designated States:

(Protection type is "patent" unless otherwise stated - for applications prior to 2004)

AT BR CA CN HU ID IL IN JP KR MX NO NZ RU SG TR UA US VN YU ZA

(EP) AT BE BG CH CY CZ DE DK EE ES FI FR GB GR HU IE IT LU MC NL PT RO SE  
SI SK TR

(EA) AM AZ BY KG KZ MD RU TJ TM

Publication Language: English  
Filing Language: English  
Fulltext Word Count: 6337  
Fulltext Availability:  
Detailed Description

Detailed Description

... the quality of the information or the timing of disclosures. It seems clear from the **volatility** of **stock prices** that the quality and timing of information disclosures can be improved.

4

Section 2: Solution...

...type bet where the price of the security is a function of a bettor's **estimate** of the **probability** of **default** on a loan. Still another example a bet about whether the price of a company...

9/3,K/7 (Item 5 from file: 349)  
DIALOG(R)File 349:PCT FULLTEXT  
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00956963 \*\*Image available\*\*

**METHOD AND SYSTEM FOR INSURING AGAINST INVESTMENT LOSS**  
**PROCEDE ET SYSTEME D'ASSURANCE CONTRE LES PERTES SUR PLACEMENTS**

Patent Applicant/Inventor:

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(Nationality)

Legal Representative:

HOLM Chris L (agent), Milbank Tweed Hadley & McCloy LLP, 1 Chase  
Manhattan Plaza, New York, NY 10005, US,

Patent and Priority Information (Country, Number, Date):

Patent: WO 200291105 A2-A3 20021114 (WO 0291105)

Application: WO 2002US12878 20020422 (PCT/WO US0212878)

Priority Application: US 2001288669 20010504; US 2001299084 20010618; US  
200274659 20020212

Designated States:

(Protection type is "patent" unless otherwise stated - for applications  
prior to 2004)

AU CA CN JP KR MX

(EP) AT BE CH CY DE DK ES FI FR GB GR IE IT LU MC NL PT SE TR

Publication Language: English

Filing Language: English

Fulltext Word Count: 22827

Fulltext Availability:  
Detailed Description

Detailed Description

... and complex diversification. Security classes also may be fornied on the basis of sector, index, **share price**, purchase date, security **beta**, or any number of ...appreciation and more for its dividend. In one embodiment, the invention includes dividends in calculating **loss** compensation.

With this stated, however, a **company** practicing the invention may **determine** that many retail and institutional investors care very little about the dividends issued on their...

?

File 256:TecInfoSource 82-2005/Feb  
(c) 2005 Info.Sources Inc  
File 2:INSPEC 1969-2005/Mar W4  
(c) 2005 Institution of Electrical Engineers  
File 35:Dissertation Abs Online 1861-2005/Mar  
(c) 2005 ProQuest Info&Learning  
File 65:Inside Conferences 1993-2005/Apr W1  
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File 99:Wilson Appl. Sci & Tech Abs 1983-2005/Feb  
(c) 2005 The HW Wilson Co.  
File 583:Gale Group Globalbase(TM) 1986-2002/Dec 13  
(c) 2002 The Gale Group  
File 474:New York Times Abs 1969-2005/Apr 03  
(c) 2005 The New York Times  
File 475:Wall Street Journal Abs 1973-2005/Apr 01  
(c) 2005 The New York Times  
File 8:Ei Compendex(R) 1970-2005/Mar W4  
(c) 2005 Elsevier Eng. Info. Inc.  
File 94:JICST-EPlus 1985-2005/Feb W3  
(c) 2005 Japan Science and Tech Corp(JST)  
File 6:NTIS 1964-2005/Mar W4  
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File 434:SciSearch(R) Cited Ref Sci 1974-1989/Dec  
(c) 1998 Inst for Sci Info  
File 34:SciSearch(R) Cited Ref Sci 1990-2005/Mar W4  
(c) 2005 Inst for Sci Info

Set	Items	Description
S1	536	(SHARE OR SHARES OR STOCK OR STOCKS)() (PRICE OR PRICES) (5N- ) (VOLATIL? OR FLUCTUAT? OR BETA)
S2	8590889	(PREDICT? OR FORECAST? OR FORETELL? OR ESTIMAT? OR DETERMI- N? OR PROBABILIT?)
S3	971	S2(5N)DEFAULT?
S4	1098	S2(5N) (COMPANY OR BUSINESS) (5N) (DEFAULT? OR LOSS OR LOSSES)
S5	23634	AU=(LARDY, J? OR LARDY J? OR FINKELSTEIN, V? OR FINKELSTEIN V? OR KHUONG() HUU, P? OR KHUONG() HUU P? OR YANG, Y? OR YANG - Y?)
S6	0	S1 AND (S3 OR S4)
S7	177	S1 AND S2
S8	1	S7 AND DEFAULT?
S9	153	S7 NOT PY=2000
S10	139	RD (unique items)
S11	37	S10 AND (COMPANIES OR COMPANY OR BUSINESS? OR CORPORATION?)
S12	37	S11 NOT S8
S13	0	S5 AND S1

8/5/1 (Item 1 from file: 34)

DIALOG(R)File 34:SciSearch(R) Cited Ref Sci  
(c) 2005 Inst for Sci Info. All rts. reserv.

06430292 Genuine Article#: YT160 Number of References: 34

**Title: Rational expectations, inflation and the nominal interest rate**

**Author(s):** Crockett JA (REPRINT)

**Corporate Source:** UNIV PENN, DEPT FINANCE/PHILADELPHIA//PA/19104 (REPRINT)

**Journal:** JOURNAL OF ECONOMETRICS, 1998, V83, N1-2 (MAR-APR), P349-363

**ISSN:** 0304-4076 **Publication date:** 19980300

**Publisher:** ELSEVIER SCIENCE SA LAUSANNE, PO BOX 564, 1001 LAUSANNE,  
SWITZERLAND

**Language:** English **Document Type:** ARTICLE

**Geographic Location:** USA

**Subfile:** CC SOCS--Current Contents, Social & Behavioral Sciences;

**Journal Subject Category:** MATHEMATICS, MISCELLANEOUS

**Abstract:** There is a substantial empirical literature, beginning with Fama (1975), that utilizes regressions of the inflation rate in a given period on initial interest rates (or inflation differentials on the slope of the initial yield curve) to test the Fisher hypothesis and/or to provide **forecasts** of inflation. Both uses depend critically on the maintained hypothesis that asset market prices fully incorporate all relevant current information about future yields. This paper will investigate the plausibility of the rational expectations hypothesis for real returns in markets for one-period **default** -free bonds, will show that under normal macroeconomic assumptions it cannot be expected to hold, and will consider the consequences of its failure for the interpretation of empirical results. (C) 1998 Elsevier Science S.A.

**Descriptors--Author Keywords:** Fisher hypothesis ; rational expectations ; inflation ; market **forecasts**

**Identifiers--KeyWord Plus(R):** VARIANCE BOUNDS TESTS; TERM STRUCTURE; STOCK - **PRICES** ; INFORMATION; AGGREGATION; **VOLATILITY**; **FORECASTS**; DIVIDENDS; MARKETS



11/5/1 (Item 1 from file: 256)  
DIALOG(R)File 256:TecInfoSource  
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00153001 DOCUMENT TYPE: Review

PRODUCT NAMES: Flash Memory Cards (225412)

TITLE: Cash in on their CHIPS: SanDisk is a bet on the burgeoning...  
AUTHOR: Landis, David  
SOURCE: Control Solutions, v58 n6 p60(1) Jun 2004  
ISSN: 1074-2328  
HOMEPAGE: <http://www.controlsolutionsmag.com>

RECORD TYPE: Review  
REVIEW TYPE: Product Analysis

SanDisk, manufacturer of flash-memory cards for consumer devices, is riding the wave of demand for such devices as digital cameras, cell-phone cameras, and digital music players. To date, 92 percent of SanDisk's sales are generated from consumer electronics buyers. More than 50,000 electronics stores sell SanDisk's cards, which are used to store digitized photographs and music. SanDisk is set to release a 'Shoot & Store' card, which is targeted at digital camera users who do not have a computer. This new product will help SanDisk penetrate the grocery and drug store channel. The company's earnings tripled in 2003. It predicts a rise in earnings for 2004 to up to 60 percent. The fluctuation of its stock price is due in part to the uneven supply and demand for flash memory. While the company is being conservative in terms of profit margins for the year, many analysts predict that the company's shares will outperform expectations.

COMPANY NAME: SanDisk Corp (757616)  
DESCRIPTORS: Computer Equipment; Digital Cameras  
REVISION DATE: 20041200

11/5/2 (Item 2 from file: 256)  
DIALOG(R)File 256:TecInfoSource  
(c) 2005 Info.Sources Inc. All rts. reserv.

00133021 DOCUMENT TYPE: Review

PRODUCT NAMES: C-far (064751)

TITLE: Cash Management: Forecasting the Flow  
AUTHOR: Wengroff, Jake  
SOURCE: CFO, v17 n7 p15(1) Jun 2001  
ISSN: 8756-7113  
HOMEPAGE: <http://www.cfonet.com>

RECORD TYPE: Review  
REVIEW TYPE: Product Analysis  
GRADE: Product Analysis, No Rating

National Economic Research Associates' (NERA) Cash Flow at Risk (C-far) application and tools from RiskMetrics are helping corporate treasurers create cash-flow models, useful in forecasting capital availability. The NERA's C-far considers possible potential threats to capital, based on earnings to assets, industry risk, stock price volatility, and other

factors. According to Niagara Mohawk Holdings vice president and treasurer Art Roos, C-far extends the capabilities of Value at Risk (VaR) technology. RiskMetrics CEO Ethan Berman notes that cash-flow risk tools are a decade old, having been pioneered by the J.P. Morgan firm. Fifty **companies**, including Procter & Gamble **Company**, employ RiskMetrics' products. There are concerns among industry analysts that risk measurements can frighten investors. Berman counters that cash-flow transparency strengthens investor interest.

COMPANY NAME: National Economic Research Associates (NERA) (710954)  
DESCRIPTORS: Cash Management; Financial Reporting; **Forecasting** ; Risk  
Analysis  
REVISION DATE: 20011130

11/5/3 (Item 1 from file: 2)  
DIALOG(R)File 2:INSPEC  
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7478528 INSPEC Abstract Number: C2003-01-1290D-093  
**Title: Self-organization and market crashes**

Author(s): Focardi, S.; Cincotti, S.; Marchesi, M.

Author Affiliation: Intertek Group, Genova, Italy

Journal: Journal of Economic Behavior and Organization vol.49, no.2  
p.241-67

Publisher: Elsevier,

Publication Date: Oct. 2002 Country of Publication: Netherlands

CODEN: JEBOD9 ISSN: 0167-2681

SICI: 0167-2681(200210)49:2L.241:SOMC;1-O

Material Identity Number: N764-2002-010

U.S. Copyright Clearance Center Code: 0167-2681/02/\$22.00

Document Number: S0167-2681(02)00069-0

Language: English Document Type: Journal Paper (JP)

Treatment: Theoretical (T)

Abstract: Presents a model of stock price behavior that encompasses both short-term fluctuations and long-term exponential trends punctuated by crashes. The model represents stock market behavior as the interaction of two self-organizing processes. The first process represents **business-as-usual stock price fluctuations**. It builds on a model of stock price behavior introduced by Cont and Bouchaud (2000). The second process is a risk process that **determines** the severity of crashes. It is a random graph process driven by macroeconomic variables. Our model is based on the assumption that stock market prices that grow at a higher rate than the real economy force structural changes that, in turn, leverage the risk of a crash. The transition from a **business-as-usual** regime to a crash regime is **determined** by trigger events. Trigger events are exponentially distributed while the size of a crash depends on the state of the underlying risk process. While in the short-term the performance of stock prices may be **determined** by the purely speculative behavior of agents, the long-term behavior of stock prices is essentially a function of structural and macroeconomic parameters. (23 Refs)

Subfile: C

Descriptors: Markov processes; **probability** ; stock markets

Identifiers: self-organization; market crashes; stock price behavior; short-term fluctuations; long-term exponential trends; risk process; random graph process; macroeconomic variables; **business-as-usual** regime; crash regime; trigger events; exponential distribution; structural parameters; macroeconomic parameters

Class Codes: C1290D (Systems theory applications in economics and business); C1140J (Markov processes)

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11/5/4 (Item 2 from file: 2)

DIALOG(R)File 2:INSPEC

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6469459 INSPEC Abstract Number: C2000-02-7120-071

Title: **Scaling of the distribution of price fluctuations of individual companies**

Author(s): Plerou, V.; Gopikrishnan, P.; Nunes Amaral, L.A.; Meyer, M.; Stanley, H.E.

Author Affiliation: Dept. of Phys., Boston Univ., MA, USA

Journal: Physical Review E (Statistical Physics, Plasmas, Fluids, and Related Interdisciplinary Topics) vol.60, no.6, pt.A-B p.6519-29

Publisher: APS through AIP,

Publication Date: Dec. 1999 Country of Publication: USA

CODEN: PLEEE8 ISSN: 1063-651X

SICI: 1063-651X(199912)60:6:ABL.6519:SDPF;1-V

Material Identity Number: A367-1999-012

U.S. Copyright Clearance Center Code: 1063-651X/99/60(6)/6519(11)/\$15.00

Document Number: S1063-651X(99)11412-0

Language: English Document Type: Journal Paper (JP)

Treatment: Practical (P)

Abstract: We present a phenomenological study of **stock price fluctuations** of individual **companies**. We systematically analyze two different databases covering securities from the three major U.S. stock markets: (a) the New York Stock Exchange, (b) the American Stock Exchange, and (c) the National Association of Securities Dealers Automated Quotation stock market. Specifically, we consider (i) the trades and quotes database, for which we analyze 40 million records for 1000 U.S. **companies** for the 2-yr period 1994-95; and (ii) the Center for Research and Security Prices database, for which we analyze 35 million daily records for approximately 16 000 **companies** in the 35-yr period 1962-96. We study the **probability** distribution of returns over varying time scales  $\Delta t$ , where  $\Delta t$  varies by a factor of approximately  $10/\sqrt{5}$ , from 5 min up to approximately 4 yr. For time scales from 5 min up to approximately 16 days, we find that the tails of the distributions can be well described by a power-law decay, characterized by an exponent  $2.5 < \alpha < 4$ , well outside the stable Levy regime  $0 < \alpha < 2$ . For time scales  $\Delta t \gg (\Delta t)/\sqrt{}$  approximately 16 days, we observe results consistent with a slow convergence to Gaussian behavior. We also analyze the role of cross correlations between the returns of different **companies** and relate these correlations to the distribution of returns for market indices. (37 Refs)

Subfile: C

Descriptors: financial data processing; **probability**; securities trading

Identifiers: price fluctuations; individual **companies**; phenomenological study; **stock price fluctuations**; databases; securities; US stock markets; New York Stock Exchange; American Stock Exchange; National Association of Securities Dealers Automated Quotation stock market; trades and quotes database; Center for Research and Security Prices database; daily records; **probability** distribution of returns; time scales; power-law decay; slow convergence; Gaussian behavior; cross correlations; market indices

Class Codes: C7120 (Financial computing)

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11/5/5 (Item 3 from file: 2)

DIALOG(R)File 2:INSPEC

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5193804 INSPEC Abstract Number: C9604-7120-004

**Title:** Forecasting **financial trends in stock markets with neural networks**

**Author(s):** Ansari, A.M.; Lin, F.C.

**Conference Title:** Proceedings of the Third International Conference on Systems Integration Part vol.1 p.188-96 vol.1

**Editor(s):** Ng, P.A.; Sobrinho, F.G.; Ramamoorthy, C.V.; Yeh, R.T.; Seifert, L.C.

**Publisher:** IEEE Comput. Soc. Press, Los Alamitos, CA, USA

**Publication Date:** 1994 **Country of Publication:** USA 2 vol. xxiv+1272 pp.

**ISBN:** 0 8186 5502 X **Material Identity Number:** XX94-02177

**U.S. Copyright Clearance Center Code:** 0 8186 5502 X/94/\$04.00

**Conference Title:** Proceedings of Third International Conference on Systems Integration

**Conference Sponsor:** Inst. Int. Integracao de Syst.; Inst. Integrated Syst. Res., Dept. Comput. & Inf. Sci

**Conference Date:** 15-19 Aug. 1994 **Conference Location:** Sao Paulo, Brazil

Language: English Document Type: Conference Paper (PA)

Treatment: Theoretical (T)

Abstract: The objective of the paper is to apply neural nets to econometric **forecasting - prediction** on the basis of past data. The financial trends between 1982 and 1992 in the New York Stock Exchange (NYSE) have been analyzed and **predicted** specifically examining stock market cycles showing **stock price fluctuation** and trading volume of General Motors Corporation (GM), the world's largest auto maker. The neural network architecture used in the paper is a fully connected multilayer perceptron or feedforward network commonly known as the backpropagation network. This is an interesting real-world problem because it is difficult to analyze and **predict** financial trends in a stock market for a **company** like the GM which has been constantly realigning its shape for over three quarters of a century. The inner working of a **company** specifically effects its stock market than any other factor. (7 Refs)

Subfile: C

Descriptors: backpropagation; feedforward neural nets; financial data processing; **forecasting** theory; General Motors; multilayer perceptrons; neural net architecture; **prediction** theory; stock markets

Identifiers: financial trend **forecasting** ; stock markets; neural networks; econometric **forecasting** ; past data; **prediction** ; New York Stock Exchange; stock market cycles; **stock price fluctuation** ; trading volume; General Motors Corporation ; neural network architecture; fully connected multilayer perceptron; feedforward network; backpropagation network

Class Codes: C7120 (Financial computing); C1290D (Systems theory applications in economics and business); C5290 (Neural computing techniques); C1230D (Neural nets)

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11/5/6 (Item 4 from file: 2)

DIALOG(R)File 2:INSPEC

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01360794 INSPEC Abstract Number: C79017516

Title: **Spectral analysis of stock price volatility**

Author(s): Yoshida, K.

Author Affiliation: California State Univ., Carson, CA, USA

Conference Title: 10th Annual Conference of the American Institute for Decision Sciences Part I p.297-9

Publisher: American Inst. Decision Sci, Atlanta, GA, USA

Publication Date: 1978 Country of Publication: USA ix+320 pp.

Conference Sponsor: American Inst. Decision Sci

Conference Date: 30 Oct.-1 Nov. 1978 Conference Location: St. Louis, MO, USA

Language: English Document Type: Conference Paper (PA)

Treatment: Applications (A); Economic aspects (E); Theoretical (T)

Abstract: The importance of analyzing long one-stretch data is demonstrated. To do this, a frequency domain generalized measure of beta risk is developed. The generalized beta is defined in the frequency domain as the elasticity of change in regression residuals of a **company**'s stock price with respect to that of a market index. In terms of a spectrum, the generalized beta can explain a more general investment situation than the existing market model. This enables an investor to differentiate two kinds of stocks: long-run and short-run. (10 Refs)

Subfile: C

Descriptors: commerce; corporate modelling; **forecasting** theory; spectral analysis

Identifiers: **stock price volatility** ; frequency domain; elasticity;

regression residuals; market index; investor; spectral analysis

Class Codes: C1140Z (Other and miscellaneous); C1290D (Economics and business)

11/5/7 (Item 1 from file: 35)  
DIALOG(R)File 35:Dissertation Abs Online  
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01965077 ORDER NO: AADAA-I3101917

**Four essays on managerial incentives**

Author: Mashayekhi, Farzad

Degree: Ph.D.

Year: 2003

Corporate Source/Institution: University of Illinois at Urbana-Champaign  
(0090)

Adviser: Kevin F. Hallock

Source: VOLUME 64/08-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 3009. 167 PAGES

Descriptors: ECONOMICS, FINANCE

Descriptor Codes: 0508

In chapter 1, we examine the timing of executive stock option awards to investigate the influence of corporate managers over the terms of their own compensation. In a sample of 11,219 stock option awards to CEOs in 2,129 **companies** between 1992 and 2000, we find an average cumulative abnormal return of -2.42% during 60 trading days before CEOs receive option grants and an average cumulative abnormal return of 3.75% in 90 trading days following the option grants. With a cross-sectional analysis of the abnormal returns, we also find that the CEOs of **companies** with smaller size, bigger option grants (number of options awarded), higher **stock price volatility**, and a more flexible schedule in granting option awards, consistently benefit from more favorable timing of their option awards.

In chapter 2, we study managerial incentive contracts and capital structure choices that maximize the value of the firm when CEOs are risk averse. We do this by proposing a theory which demonstrates that increasing the pay-for-performance sensitivity of the manager's compensation contract does not always increase the incentives of the manager to increase project risk. This result is contrary to previous belief that higher levels of equity compensation should cause the manager to risk-shift. We test our model using a sample of 909 publicly-traded manufacturing firms over the 1992-1998 period and confirm the main implications of our theory.

In chapter 3, I analyze stock option awards to CEOs of 1,992 U.S. public **companies** from 1993 to 2000. Measuring the pay-for-performance sensitivity of stock options based on stock-options awarded during each fiscal year, the "flow", and the stock-options awarded during previous years, the "stock", I performed tests to see whether stock options' performance incentives have significant association with explanatory variables related to agency cost reduction.

In chapter 4, we consider the unexpected share price reaction to corporate news announcements. We first consider whether there is more information content in similar corporate news announcements for different types of firms. Second, we investigate whether the value of news information about these firms has declined over time using a variety of empirical methods. We use 31 years of data on corporate dividend announcements, stock split announcements, and earnings announcements for a large set of U.S. firms to investigate these topics. The investigation of the entire distributions of returns using kernel density **estimators** rejects the "news is no longer newsworthy" idea.

11/5/8 (Item 2 from file: 35)

DIALOG(R)File 35:Dissertation Abs Online  
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01912520 ORDER NO: AADAA-I3066892

**Essays in finance**

Author: Qi, Rong

Degree: Ph.D.

Year: 2002

Corporate Source/Institution: Columbia University (0054)

Adviser: Michael Adler

Source: VOLUME 63/10-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 3659. 136 PAGES

Descriptors: ECONOMICS, FINANCE ; BUSINESS ADMINISTRATION, GENERAL

Descriptor Codes: 0508; 0310

ISBN: 0-493-86304-4

This dissertation offers a microstructure-based model to explain two puzzles in finance: diversification discount and investment-cash flow sensitivity. While explicitly assuming that the stock prices convey valuable information to the firm's management, our model shows that the value loss from diversification is due to insufficient information production. Using the analyst coverage as the proxy for information production, we find holding firm characteristics fixed, the analyst coverage explains a significant portion of the cross-sectional variation in the diversification discount. The same model also **predict** the corporate investment-cash flow sensitivity will be stronger for firms with more informative **stock prices**, higher cash flow **volatility** and smaller divergence in opinions among the informed traders. These results cast doubt on the popular "financial constraints" hypothesis about the investment-cash flow sensitivity. Empirically, we find firms that are intensively covered by analysts have investment that is much more sensitive to cash flow than firms with less analyst coverage.

11/5/9 (Item 3 from file: 35)

DIALOG(R)File 35:Dissertation Abs Online  
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01890133 ORDER NO: AADAA-I3054068

**An empirical test of the accounting-based residual income model and the traditional dividend discount model**

Author: Jiang, Xiaoquan (John)

Degree: Ph.D.

Year: 2002

Corporate Source/Institution: University of Houston (0087)

Adviser: Bong-Soo Lee

Source: VOLUME 63/05-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 1935. 100 PAGES

Descriptors: ECONOMICS, FINANCE

Descriptor Codes: 0508

ISBN: 0-493-68039-X

Given the failure of the conventional dividend discount model (DDM) to explain **volatile**, dynamic **stock price** movements, I test the empirical validity of an alternative model, the accounting-based residual income model (RIM), and compare the two models' performance. The RIM seems attractive to finance researchers in that it incorporates both the book-to-market ratio and the earnings-to-price ratio, which have been shown

to have **predictive** ability for expected stock returns, in a systematic manner by way of a present value model. In addition, it can be applied to stocks of **companies** that do not pay cash dividends, which has become a trend in recent years.

I test two implications of the two models: volatility of prices relative to fundamentals based on the West inequality tests and the models' dynamic implications by cross-equation restrictions based on the Campbell-Shiller VAR test. The RIM is found not to be rejected by either test using either the S&P index or the DJIA index. The model is not rejected by the majority of individual firms of the Dow Jones Industrial Average by either test. I develop a log linear cointegration model allowing for time-varying discount rates. I find that my log linear cointegration model outperforms Campbell-Shiller's dividend yield model and Vuolteenaho's book-to-market model. To provide a comparison on an equal basis, I consider two versions of the DDM model. Using broad dividends, the DDM is able to explain **volatile stock prices** but cannot explain the dynamic behavior of stock prices.

The major findings imply that for stock valuation, book values and accounting earnings in the RIM contain more useful information than dividends alone. They may be a better proxy for the future free cash flows. I believe that this result is related to the Miller-Modigliani dividend irrelevance theorem in combination with the clean surplus relation.

11/5/10 (Item 4 from file: 35)

DIALOG(R)File 35:Dissertation Abs Online

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01889782 ORDER NO: AADAA-I3053220

**Essays in market microstructure**

Author: Straser, Vesna

Degree: Ph.D.

Year: 2002

Corporate Source/Institution: University of Notre Dame (0165)

Director: Philip E. Mirowski

Source: VOLUME 63/05-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 1937. 171 PAGES

Descriptors: ECONOMICS, FINANCE

Descriptor Codes: 0508

ISBN: 0-493-67597-3

The first chapter investigates the impact of Regulation Fair Disclosure on **companies**' levels of voluntary disclosures. The analysis is based on the theory suggesting that increases in the quantity and quality of disclosures should reduce **companies**' levels of information asymmetry. We examine two proxies of information asymmetry—the **probability** of informed trading and the adverse selection component of the spread. We find a significant increase in information asymmetry and the **probability** of new information events occurring while the proportion of informed traders decreases. The regulation also increased the quantity of available public information. We conclude that, at least initially, **companies** responded to the regulation by providing more public information of lower quality.

The second chapter analyzes the relationship between proxies for day trading activity (fractions of SOES and SelectNet trades) and **stock price volatility** over one-minute trading intervals for a pool of Nasdaq stocks. The study is motivated by the wide spread belief among market participants that day trading causes greater price volatility. We perform a combination of vector autoregression and seemingly unrelated regression analyses. We find that price volatility and day trading consistently affect each other's activity with the positive impact remaining significant about



two minutes in both cases. Afterwards the relationship becomes insignificant with the cumulative impact of volatility and day trading on each other being positive. The results are particularly significant for SOES and small sized trades (100 and 200 shares). We conclude this to be evidence of day trading contributing to higher short-term price volatility.

In the third chapter we present the evolution of electronic communication networks (ECNs). ECNs have recently become an important player in financial services industry and currently capture half of Nasdaq trade volume. We investigate the rise of ECNs, provide a comparison of their operation, speculate about their future development, and discuss the implications of their presence on the market structure of the US securities markets. We argue that ECNs accelerated the process of 'auctionization' and automation of the US securities markets and forced them to become more like the structure already firmly in place in Europe and Asian markets, fully automated auctions.

11/5/11 (Item 5 from file: 35)  
DIALOG(R)File 35:Dissertation Abs Online  
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01838038 ORDER NO: AADAA-I3016253

**Essays in financial economics**

Author: Muzere, Mark Legge

Degree: Ph.D.

Year: 2001

Corporate Source/Institution: Washington University (0252)

Chair: Philip H. Dybvig

Source: VOLUME 62/06-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 2195. 92 PAGES

Descriptors: ECONOMICS, FINANCE ; BUSINESS ADMINISTRATION, GENERAL

Descriptor Codes: 0508; 0310

ISBN: 0-493-26605-4

This dissertation consists of two essays that deal with related issues in international finance. These issues are capital controls and how differences in preferences and beliefs across countries are reflected in asset prices.

The first essay studies the effects of a particular type of illiquidity motivated by capital controls that are popular from time to time in developing countries. We find that a country's policy of limiting the rate of capital withdrawal restricts foreign investors' willingness to invest there initially. This result is derived in an intertemporal model of the optimal portfolio choice of a foreign investor. The model is solved in closed form up to the **determination** of one constant. An investor's optimal policy features a singular control with net investment in the country when at a free boundary and net disinvestment at the maximum rate at all other times. We show that increasing the allowed rate of capital withdrawal leads to increased investors' willingness to invest in a country. The model is consistent with the empirical regularity of home bias in equity, which is the tendency of investors to invest more domestically (at home) than would seem to be implied by optimal.

The second essay (co-authored with Tao Li) seeks to provide an explanation of several volatility regularities in international financial markets, which are "puzzling" since standard models in economics have difficulty in explaining them. We develop an equilibrium model in a two-country pure exchange economy in which investors with logarithmic utility functions have heterogeneous beliefs about exogenously given dividend (endowment) processes. We obtain closed-form representations of the real exchange rate and of the stock prices, and we show that the heterogeneity of investors' beliefs has a significant impact on the

equilibrium of the economy. In particular, heterogeneous beliefs together with heterogeneous preferences make the volatility of real exchange rates and the **volatility of stock prices** exhibit some properties which have been documented in the empirical literature. Those properties include the high volatility of short-term movements of real exchange rates, clustering of the volatility of real exchange rates, transmission of the **volatility of stock prices** from one international equity market to another, clustering of the **volatility of stock prices**, and the observed **volatile stock prices** compared to underlying dividends, with transmission of the **volatility of stock prices** across international equity markets amplifying this effect.

11/5/12 (Item 6 from file: 35)  
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01834536 ORDER NO: AADAA-I3014024

**The effects of the CEO's stock option portfolio on stock return volatility and firm performance**

Author: Schlinger, Jean Marie  
Degree: Ph.D.  
Year: 2001  
Corporate Source/Institution: University of Washington (0250)  
Chairperson: James Jiambalvo  
Source: VOLUME 62/05-A OF DISSERTATION ABSTRACTS INTERNATIONAL.  
PAGE 1880. 96 PAGES  
Descriptors: **BUSINESS** ADMINISTRATION, ACCOUNTING ; ECONOMICS, FINANCE  
; **BUSINESS** ADMINISTRATION, MANAGEMENT  
Descriptor Codes: 0272; 0508; 0454  
ISBN: 0-493-24506-5

I examine the incentive effects of CEO stock option portfolios on future stock-return volatility and future firm performance for a sample of CEOs taken from the ExecuComp database. Previous studies have generally treated executive stock options with the same calculated Black/Scholes value as providing the same incentives for managers to increase equity risk and improve firm performance. However, the incentive effects depend on the relation between option value and stock-return volatility (i.e., ESO volatility sensitivity) as well as the relation between option value and stock price (i.e., ESO stock price sensitivity). I **predict** there will be a positive relation between future stock-return volatility and ESO volatility sensitivity and the evidence is not consistent with this **prediction**. I **predict** a positive relation between future long-term firm performance (i.e., net income) and ESO stock price sensitivity and the evidence is consistent with this **prediction**. Further tests indicate it is the vesting restrictions of stock option compensation that drive the relation between long-term firm performance and ESO stock price sensitivity. Empirical tests are conducted using an approximation method developed by Core and Guay (1998). This method enables me to **estimate** ESO **stock price** sensitivity and ESO **volatility** sensitivity using the ExecuComp database. Previously, extensive hand collection of data was needed to compute these ESO sensitivity measures. I use these ESO sensitivity measures as **estimates** of the incentive effects of my sample of CEO stock option portfolios and test my **predictions** using a cross-sectional OLS regression.

11/5/13 (Item 7 from file: 35)  
DIALOG(R)File 35:Dissertation Abs Online

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01801551 ORDER NO: AADAA-I9941957

**FOUR ESSAYS ON EVOLUTIONARY MARKET SHARE DYNAMICS: A COMPUTATIONAL APPROACH  
(MARKET STRUCTURE, EVOLUTIONARY THEORY, COMPUTER SIMULATION, INNOVATION)**

Author: MAZZUCATO, MARIANA FRANCESCA

Degree: PH.D.

Year: 1999

Corporate Source/Institution: NEW SCHOOL FOR SOCIAL RESEARCH (0145)

Adviser: WILLI SEMMLER

Source: VOLUME 60/08-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 3054. 219 PAGES

Descriptors: ECONOMICS, COMMERCE- **BUSINESS**

Descriptor Codes: 0505

The Dissertation uses evolutionary theory, non-linear dynamics and computer simulation techniques to explore the feedback between market structure and innovation.

Chapter I sets the stage by reviewing the connection between industry market structure, firm size, and innovation from a theoretical and an empirical point of view. The conclusion is that the non-linear and complex relationship between these variables, requires a theoretical framework which views variety between firms as a dynamic outcome of the competitive process, and a quantitative framework which can explore the complex non-linear dynamics.

Chapter II constructs a model which attempts to reproduce empirical patterns in firm size distributions, by embodying assumptions from different industry life-cycle studies on the relationship between firm size and innovation. The main conclusions are that: (a) depending on the parameter configuration, positive feedback between firm size and innovation can lead either to a competitive or to a monopolistic market structure, but with (final) firm ranking always *<italic> predictable </italic>* from knowledge of the initial efficiency levels; and (b) negative feedback instead leads to instability in market patterns and *<italic> unpredictability </italic>* in firm ranking. This result is of particular interest since writings on multiple equilibria by Arthur (1989) have focused only on positive feedback. Chapter III repeats the same exercise but with a stochastic cost equation, which allows random idiosyncratic events to be included in a model of industry evolution. Here the conclusion is that although positive feedback between firm size and innovation still leads to a concentrated market structure, the process towards concentration is much more turbulent and ranking less **predictable**.

Chapter IV connects the issue of market share instability to the issue of **stock price volatility**. The model finds that the assumptions from the traditional "efficient market model" are not able to reproduce the empirical patterns in the relationship between stock prices and fundamentals. To better understand the "actual" relationship between market share instability and **stock price volatility**, a statistical analysis is performed on the data. The insights gained in Chapters II and III regarding the relationship between market share instability, market concentration, firm size and innovation, are used to interpret the empirical results.

11/5/14 (Item 8 from file: 35)

DIALOG(R)File 35:Dissertation Abs Online

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01795169 ORDER NO: AADAA-I9935167.

**STOCK PRICE , VOLATILITY AND VOLUME: THE PROFITABILITY OF TECHNICAL  
TRADING RULES USING BOOTSTRAP METHODOLOGY**

Author: KWON, KI-YEOL

Degree: PH.D.

Year: 1999

Corporate Source/Institution: LEHIGH UNIVERSITY (0105)

Adviser: LARRY TAYLOR

Source: VOLUME 60/06-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 2156. 202 PAGES

Descriptors: ECONOMICS, FINANCE ; **BUSINESS** ADMINISTRATION, GENERAL ;  
STATISTICS

Descriptor Codes: 0508; 0310; 0463

Many recent studies in technical trading rules show more potential value than earlier studies. The profitability of the technical trading rules (the filter rules and moving average rules) is investigated for the individual stocks in the first essay. Although the performances of the technical trading rules vary across securities, the 0.5% filter rule and the 10-day moving average rule generally perform well over all securities in the DJIA with one-way 0.1% transaction costs. The second essay consists of an empirical analysis on technical trading rules (the simple price moving average, momentum, and trading volume) in the stock market index. The traditional t-test is applied to examine the value of technical trading rules. The t-test is extended through using the residual bootstrap methodology under the technical trading rules utilizing random walk, GARCH-M and GARCH-M with some instrument variables. Overall, the results show that the technical trading rules add a value to capture profit opportunities over the buy-hold strategy. The generated returns from the null models does not recover the properties (mean and variance) of actual returns. The discrepancies between the simulated returns and the actual returns are large when the trading volume is considered into the technical trading rules. The limitations of test statistics, which are the independence assumption of the samples and observations, are re-solved in the Chapter VI. The application of the bootstrap on the GARCH models is demonstrated and is examined the statistical properties of the maximum likelihood **estimates** (MLE) on the GARCH model using (1) the parametric bootstrap, (2) non-parametric bootstrap, (3) asymptotic method. The current study uses the Monte Carlo simulation. Unlike conventional statistical methods, the bootstrap method may be relatively robust in terms of accounting for non-normality, autocorrelation, and conditional heteroskedasticity. The results show the empirical justification of bootstrap on the GARCH models.

11/5/15 (Item 9 from file: 35)

DIALOG(R)File 35:Dissertation Abs Online

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01568683 ORDER NO: AAD97-24646

**ESSAYS ON POST-MERGER PERFORMANCE ( BUSINESS RELATEDNESS, SHARE PRICES)**

Author: PARRINO, JAMES D.

Degree: PH.D.

Year: 1996

Corporate Source/Institution: UNIVERSITY OF VIRGINIA (0246)

Source: VOLUME 58/03-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 1017. 180 PAGES

Descriptors: ECONOMICS, FINANCE ; **BUSINESS** ADMINISTRATION, MANAGEMENT

Descriptor Codes: 0508; 0454

This research examines three aspects of Post-Merger Performance in three separate essays based on merger observations that occurred between

1982-1987. The first essay examines the impact of merger strategies on post-merger operating performance. Using a new method of classifying mergers with common strategic characteristics, the study presents a comprehensive analysis of the relationship between merger strategies, post-merger performance, and announcement returns. The results show that the replacement of management in target **companies** leads to statistically different post-merger operating performance and announcement returns than other commonly cited merger strategies such as operational and financial synergies. The conclusions indicate that transactions in the market for corporate control are not homogeneous events and test results in previous studies may be driven by merger strategies, specifically those motivated by managerial inefficiency.

The second essay examines the impact of **business** relatedness (or corporate focus) on post-merger operating performance. Categories of **business** relatedness are derived from news releases, major newspaper articles, and trade journals reporting the transaction. The results show that acquiring firms purchasing targets that have at least one common **business** line have significantly positive post-merger operating performance. Additionally, firms that purchase targets to acquire technology show significantly positive post-merger operating cash flow returns when compared to all other mergers. In comparison, relatedness categories defined by primary SIC codes show no difference in post-merger performance.

The third essay examines post-merger operating performance and post-merger share price performance on the same sample. The objectives of the study are to resolve conflicting results from previous studies that only examine one type of post-measure benchmark and to **determine** the relationship between post-merger share price performance and operating performance. The results show that acquisitions may improve the operating performance of acquiring firms relative to their industry, but post-merger share price performance is significantly negative when controlling for **beta** risk and size. Additionally, abnormal **share price** performance is positively related to unexpected post-merger operating performance. The results lead to several alternative theories regarding the characteristics of acquiring firms. The paper concludes with suggested next steps to further the research.

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01554487 ORDER NO: AAD97-15395  
**THREE ESSAYS ON CONTINUOUS-TIME STOCHASTIC VOLATILITY MODELS (OPTION PRICING)**

Author: FENG, LU  
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Year: 1996  
Corporate Source/Institution: DUKE UNIVERSITY (0066)  
Supervisor: ALBERT S. KYLE  
Source: VOLUME 57/12-A OF DISSERTATION ABSTRACTS INTERNATIONAL.  
PAGE 5214. 114 PAGES  
Descriptors: **BUSINESS** ADMINISTRATION, BANKING  
Descriptor Codes: 0770

This dissertation consists of three essays in the area of continuous-time stochastic volatility models. The first essay, "Option Pricing under General Stochastic Volatility: Theory and Optimal Numerical Method," proves, under a general Markovian jump-diffusion volatility setup, that the spot asset ("stock" henceforth) price distribution can be

characterized as a mixture of log-normal distributions and option price as an average of extended Black-Scholes prices. This achieves a dimension reduction for the numerical computation of stock price distribution and option prices. The three components of numerical pricing error are defined and optimally minimized through existing and original techniques.

The second essay, "Option Pricing under Geometric Brownian Volatility Process: A Closed Form Solution," shows how to get exact stock price distribution and option pricing formulas when the setup is that of Hull and White (1987). The series solution in H&W is generalized to the case of non-zero stock/volatility correlation. Results obtained through various methods are compared and the effects of stochastic volatility on stock price distribution and option prices is discussed.

The third essay, "Estimating Stochastic Differential Equations: A Comparison of Alternative Methods," addresses some of the estimation issues concerning stochastic volatility models. The proposed new estimation method approximates the stochastic differential equation using a more accurate second-order Milshtein approximation. A series of simulation experiments are performed to document the new method's performance advantage over existing methods. When applied to the short-term interest-rate study of Chan, Karolyi, Longstaff and Sanders (1992), the new method leads to different conclusions on some of the models considered.

11/5/17 (Item 11 from file: 35)

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01502224 ORDER NO: AAD96-28780

**ESSAYS IN LONG MEMORY AND STOCK MARKET VOLATILITY**

Author: LIU, MING

Degree: PH.D.

Year: 1996

Corporate Source/Institution: DUKE UNIVERSITY (0066)

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Source: VOLUME 57/05-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 2132. 131 PAGES

Descriptors: ECONOMICS, GENERAL

Descriptor Codes: 0501

This document consists of three essays in econometrics, one theoretical and two applied.

In the first essay, I study the asymptotics of the nonstationary fractional integrated time series, the long memory time series with  $d \geq \frac{1}{2}$ . There is considerable empirical evidence showing long memory of this magnitude in a lot of nominal economics time series including inflation rate and stock market volatility, a study of the large sample property is therefore needed and useful. Also, I found the asymptotics of nonstationary fractional integrated time series useful in the study of the large sample theory of the KPSS test.

In the second essay, I conduct an empirical investigation of the long memory in stock market volatility with a large collection of NYSE stocks. I first confirm the existence of long memory in stock market volatility in all of the individual stocks. I then investigate the issue of estimating the long memory magnitude in the stock market volatility. In general I find that GPH (Geweke and Porter-Hudak (1983)) and even FXTQ (Fox-Taqqu frequency domain QMLE) with finite ARFIMA model tend to underestimate the magnitude of long memory. In order to get a more accurate estimation of the long memory coefficient, I propose to decompose the original series into the long memory part and the short memory part according to the idea of Inclan and Tiao (1994) and Liu (1995) and estimate the long memory

magnitude from the long memory part. The empirical result of this paper can be summarized as (1) Long memory in stock market volatility has a typical magnitude around or above 0.40 and the magnitude of long memory seems clustered according to industry. (2) Long memory can be successfully filtered out if we take proper care of the regime switching in the stock market volatility.

Inspired by the idea that regime switching could give rise to persistence observationally equivalent to a unit root, in the third essay, I propose that persistence of the form long memory might be given rise by regime switching. This idea is adapted to the stochastic volatility model, as a result, the Regime Switching Stochastic Volatility (RSSV) model proposed in this essay will generate long memory in the **volatility of stock prices**. The simulation-based Gallant-Tauchen EMM framework is employed to evaluate the empirical relevance of this model. In the case of stock prices of several individual **companies**, I find significant persistence of the regime and I cannot reject either that the observed dynamics of stock prices is actually coming from the RSSV model or that the observed long memory is related to the underlying regime switching.

11/5/18 (Item 12 from file: 35)  
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01407652 ORDER NO: AADAA-I9512939

**CORPORATE CALL POLICY OF CONVERTIBLE BONDS**

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Year: 1994

Corporate Source/Institution: PURDUE UNIVERSITY (0183)

Major Professors: JOHN J. MCCONNELL; GORDON M. PHILLIPS

Source: VOLUME 55/12-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 3910. 207 PAGES

Descriptors: **BUSINESS** ADMINISTRATION, MANAGEMENT

Descriptor Codes: 0454

This dissertation provides a comprehensive study of corporate call policy of convertible bonds. It extends previous work by examining an exhaustive set of bonds issued from 1970 through 1989. Empirical results presented in this study provide insights on why firms delay calling their bonds and the market response to convertible call announcements.

The effects of call protection on observed call behavior are analyzed. Call protection features, especially price protection, have become increasingly popular since 1980. However, the adoption of call protection features is not associated with a significantly longer observed call delay. This result does not provide support for the conjecture that call protection features might have induced a bias in call delay measurements (Asquith and Mullins (1991) and Asquith (1992)).

The dissertation also studies **determinants** of corporate call policy of convertible bonds. Recently, Asquith and Mullins (1991) propose that firms may delay calling their bonds when the dividend exceeds after-tax coupon payments to bondholders. Consistent with this cash flow advantage hypothesis, a positive and significant relation between cash flow advantage and call delay is found. The presence of an after-tax cash flow advantage is associated with a 24.5% higher call premium ratio.

However, only 18.5% of the called bonds shows a positive cash flow advantage, while call delay is significant for all bonds. Call delay in the sample with no cash flow advantage is attributed to the tax benefits of debt and stock volatility. This result provides support for the tax hypothesis (Mikkelson (1981)) and the financial distress hypothesis (Jaffee and Shleifer (1990)) when cash flow incentives of call delay are absent.

Finally, the stock market response to call announcements is analyzed. Overall, bond calls are associated with an average after-tax cash flow saving of \$1.2 million per year. Regression results of call announcement period abnormal returns shows that the free cash flow generated by forcing conversion is negatively related to the size of abnormal returns. When the free cash flow variable is not included in the regression, both stock **volatility** and the pre-announcement **stock price** runup are negatively related to abnormal returns. This result provides partial support for the adverse selection hypothesis. Furthermore, there is some support for the price pressure hypothesis, evidenced by the negative and significant regression coefficients of the effective dilution factor and the post-announcement stock rebound. Lastly, there is no support for the tax hypothesis.

11/5/19 (Item 13 from file: 35)

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01373774 ORDER NO: NOT AVAILABLE FROM UNIVERSITY MICROFILMS INT'L.  
**ESSAYS IN MARKET MICROSTRUCTURE (TRANSACTION PRICES, NYSE, PARIS STOCK EXCHANGE)**

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Source: VOLUME 55/05-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 1341.

Descriptors: ECONOMICS, FINANCE; **BUSINESS** ADMINISTRATION, MANAGEMENT

Descriptor Codes: 0508; 0454

This thesis contains four essays in Market Microstructure, an area of Finance that is focused on the details of the trading process of securities in asset markets.

Chapter 2 is an attempt to model the dynamics of transaction prices on the NYSE, using a state space modeling approach. Maximum likelihood is employed to **estimate** the model.

In Chapter 3, we investigate the independence of sequences of buy and sell orders which result in transactions of individual stocks on the Paris Bourse. Precise transaction data are recovered from market-activity information which is continuously disseminated electronically by the fully automated order execution system (CAC) of the Paris Stock Exchange. Using exact distribution theory for runs we find highly significant positive dependence in many daily sequences of buy and sell orders for individual stocks.

Despite the fact that bid-ask spreads for large NYSE stocks typically take on at most 3 or 4 different values, they exhibit considerable variability in the course of the trading process. In Chapter 4 of this thesis I explore these movements and relate them to economic variables suggested by various theories. The dynamic behavior of the bid-ask spread is shown to be positively related to trading volumes and **stock - price volatility** in the sense that large trades and volatile prices tend to foreshadow an increase of the bid-ask spread.

Chapter 5 studies the liquidity effects associated with stock splits, focusing on measures of trading activity, bid-ask spreads, and depths. Using transaction data for NYSE **companies** that split their stocks by 2-for-1 or greater in the two years 1988 and 1991, I show that percentage bid-ask spreads increase significantly after the split and that depths



remain unchanged. Thus if liquidity is measured by spread and depth, liquidity decreases after the split. As far as trading activity measures are concerned, I show that for the stocks in my sample the daily number of transactions increases after the split, but total daily dollar volume and split-adjusted share volume remain unchanged. Finally, an application of the ordered probit model reveals that stock splits decrease liquidity in the sense that large trades tend to widen the percentage spread more after the split than before the split. (Copies available exclusively from MIT Libraries, Rm. 14-0551, Cambridge, MA 02139-4307. Ph. 617-253-5668; Fax 617-253-1690.) (Abstract shortened by UMI.)

11/5/20 (Item 14 from file: 35)

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01332622 ORDER NO: AAD94-04553

**DISCLOSURE POLICY, INFORMATION ASYMMETRY, LIQUIDITY AND THE COST OF EQUITY CAPITAL: A THEORETICAL AND EMPIRICAL INVESTIGATION**

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Degree: PH.D.

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Corporate Source/Institution: THE UNIVERSITY OF IOWA (0096)

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Source: VOLUME 54/09-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 3506. 130 PAGES

Descriptors: **BUSINESS** ADMINISTRATION, ACCOUNTING; ECONOMICS, FINANCE

Descriptor Codes: 0272; 0508

This study investigates the relation between corporate disclosure policy and the cost of equity capital. Disclosure policy influences the cost of capital because uninformed investors "price protect" against potential losses resulting from adverse selection, and this "price protection" is manifested in "baseline" market liquidity measured using bid-ask spreads. Baseline market liquidity is defined as liquidity in the market for the firm's common equity when there is no news disclosed or pending about the firm. A simple theoretical model is developed which **predicts** that "baseline" spreads are inversely related to disclosure policy and positively related to the proportion of trade coming from informed traders and the **probability** of information event occurrence. In addition, the impact of disclosure policy on spreads is expected to intensify with increased trading by informed traders and with higher **probability** of an information event occurring.

Two separate sets of empirical analyses are conducted. Tests based on the assumption that disclosure policy is exogenous fail to detect a relation between disclosure policy and bid-ask spreads after controlling for the effects of return **volatility**, trading volume and **share price**. The results are markedly different in tests which assume endogenous disclosure policy, in which a strong negative relation between disclosure policy and bid-ask spreads is detected.

Tests for cross-sectional variation in bid-ask spreads and the sensitivity of spreads to disclosure policy are generally consistent with the **predictions** of the model. I find spreads are larger and more sensitive to disclosure policy for firms with high levels of trade by informed traders and a high **probability** of information event occurrence. These results are statistically significant in tests which treat disclosure policy as an exogenous variable. Tests which treat disclosure policy as an endogenous variable yield slightly weaker results.

The findings of this study are consistent with the notion that disclosure policy reduces information asymmetry and, hence, the cost of

equity capital. Additionally, I find that the reduction in the cost of capital resulting from improvements in disclosure practices is not a cross-sectional constant.

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01220302 ORDER NO: AAD92-16061

**STOCK MARKET RATIONALITY, GROWING BUBBLES AND NOISE TRADING: AN EMPIRICAL EVALUATION OF THE NIGERIAN STOCK MARKET**

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Year: 1991

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Source: VOLUME 53/01-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 247. 233 PAGES

Descriptors: ECONOMICS, FINANCE; ECONOMICS, COMMERCE- BUSINESS ;

BUSINESS ADMINISTRATION, GENERAL

Descriptor Codes: 0508; 0505; 0310

This study seeks to **determine** whether aggregate stock prices in Nigeria deviate from their underlying fundamental values due to the presence of fads, bubbles or other anomalous factors. The results indicate that aggregate stock prices deviate from their underlying fundamental values, and that the deviations are not explainable by major macroeconomic variables nor are they due to the presence of rational growing bubbles in the market. While there are indications that extraneous factors are present in the market, it is not clear if these extraneous factors are fads or simply a reflection of the presence of uncertainty.

The Nigerian stock market was chosen as the focus of this study because it possesses many characteristics common to most emerging stock exchanges of the world. It was hypothesized that the empirical evidence obtained in the advanced countries could be explained within the context of market macro and microstructure.

The Scott (1985) regression test was applied to test whether aggregate **stock prices** are excessively **volatile**. Both the integration and cointegration along with the regression equation specification error test (RESET) were used to test for the presence of bubbles. Finally the OLS and the vector autoregressive (VAR) tests were applied to **determine** if changes in macroeconomic variables could account for the deviations between aggregate stock prices and their underlying fundamental values.

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01189101 ORDER NO: AAD81-28116

**AN EMPIRICAL INVESTIGATION OF THE INFORMATIONAL CONTENT OF THE SUPPLEMENTARY DATA REQUIRED BY THE FASB STATEMENT NO. 33, FINANCIAL REPORTING AND CHANGING PRICES**

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Degree: PH.D.

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Source: VOLUME 42/07-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 3207. 183 PAGES

Descriptors: **BUSINESS** ADMINISTRATION, ACCOUNTING  
Descriptor Codes: 0272

In September 1979, the Financial Accounting Standards Board promulgated its Statement No. 33, Financial Reporting and Changing Prices, which requires large publicly held **companies** to disclose certain supplementary data to show the impact of inflation on their **businesses**. The purpose of this study was to investigate empirically the market's reaction to the release of the supplementary data with a view to assess the informational content of such data.

The usefulness of accounting information to investors is accepted as the principal criterion against which the appropriate content of external financial reports should be judged. An operational measure of usefulness, however, has not yet been established. One important step in the process of **determining** the usefulness of a set of accounting data is to ascertain its informational content for the stock market. A set of accounting data is said to have informational content if it can change the expectation of the market so that there is a change in the equilibrium value of current stock prices.

The research questions formulated concerned (1) the informational content of the combination of the two supplementary data (i.e., constant dollar and current costs) and (2) the relative informational content of the two supplementary data.

The following steps were performed in the process of answering the research question:

1. A sample of ninety-three firms was selected from the **companies** which met the size test established for a firm to comply with the requirements of Statement No. 33. This sample was then divided into subsamples A and B. Sample A consisted of firms which supplied in their 1979 annual reports both types of the supplementary data required by the Statement. Sample B included those **companies** which reported only the constant dollar supplementary data.

2. The "General Market Model" was employed to study the stock behavior of the sampled firms for a test period of eleven weeks surrounding the weeks in which the firms released their 1979 annual reports. To this end, the weekly stock prices of the selected firms were **predicted** for each week of the test period. The **predictions** of the return on the stock of the sampled firms were based on the regression of the weekly stock prices of the firms over a two-year period prior to the test period.

3. The residuals, the difference between the actual and the **predicted** return on the stock of each firm, were computed for each week of the test period. Since the direction of changes in investors' expectations was not of interest to this study, the residuals were squared and then divided by the variance of the residuals throughout the **estimation** period. The behavior of the averages of these ratios was investigated for each sample and for each week of the test period.

4. The significance of the price changes experienced by the sampled firms in the weeks of the test period was investigated in the form of the following hypothesis:

HN1: The  $U(t)$  ratios

(DIAGRAM, TABLE OR GRAPHIC OMITTED...PLEASE SEE DAI)

of the test weeks are greater than 1.0.

5. The one-sided "Z test" and "confidence interval test" were used to measure the abnormality of stock price changes of each sample during the test period compared to the **fluctuations** of the **stock prices** throughout the **estimation** period.

Based upon results of the tests used in this study, the above hypothesis was rejected for both samples A and B at the 95 percent level of confidence. The rejection of this hypothesis indicates that disclosure of the supplementary data required by FASB Statement No. 33 caused no

significant market reaction. Accordingly, if changes in stock prices is a criterion, based on the market reaction to the stock of the sampled firms, it can be concluded that neither the combination of the two supplementary data (i.e., current cost and constant dollar) nor the constant dollar supplementary data had informational content.

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01167865 ORDER NO: AAD91-22224

**THE EFFECTS OF SFAS NO. 90 AND 92 ON THE STOCK PRICES AND BETA OF NUCLEAR ELECTRIC UTILITIES**

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Degree: PH.D.

Year: 1991

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Source: VOLUME 52/03-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 992. 146 PAGES

Descriptors: **BUSINESS** ADMINISTRATION, ACCOUNTING

Descriptor Codes: 0272

In December 1986, the Financial Accounting Standards Board (FASB) issued statement of Financial Accounting Standard (SFAS) Number 90 and in August 1987, issued SFAS No. 92. The new pronouncements differ significantly from the preceding standard, SFAS No. 71, Accounting for the Effects of Certain Types of Regulation.

The purpose of this study is to investigate whether the market reacts to SFAS No. 90 and 92 events. In order to test the security market reaction, Sharpe's one-factor market model was used to **estimate** the abnormal returns around the test periods for the portfolios of utilities. Cumulative average residuals for the experimental and control portfolios were then compared using Z-scores. The Gujarati binary variable technique was used to examine the change in the beta parameters, and cross-sectional regressions were used to **determine** whether SFAS No. 90 and 92 had balance sheet effects, income statement effects or both.

The sample contained 87 public utilities subdivided into the following portfolios: (1) the Abandonment portfolio, consisting of firms that abandoned nuclear plants during 1977 to 1986; (2) the Nuclear Construction Delay portfolio, consisting of firms that had nuclear construction delays during 1977 to 1986; (3) the Lobbying portfolio, consisting of firms that lobbied the FASB; (4) the No Lobbying portfolio, consisting of nuclear firms that did not lobby the FASB; (5) the No Abandonment or Construction Delay portfolio, consisting of nuclear firms that have not abandoned any plants or have not had any construction delays; and (6) the No Nuclear portfolio, consisting of non-nuclear utility firms.

The study found that SFAS No. 90 and 92 produced an effect on the value of firms. Some portfolios of utilities reacted more negatively than the control portfolios. There is also evidence that beta did increase after some events associated with SFAS 90 and 92. However, the changes in beta are generally transitory. Finally, the cross-sectional results appears to suggest that income statement and balance effects explained the observed abnormal returns.

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01155757 ORDER NO: AAD91-13983

**CAN BAYESIAN LEARNING EXPLAIN THE EXCESS VOLATILITY IN STOCK PRICES ?**

Author: ACKERT, LUCY FORD

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Year: 1990

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Adviser: WILLIAM C. HUNTER

Source: VOLUME 51/12-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 4223. 123 PAGES

Descriptors: ECONOMICS, FINANCE; ECONOMICS, GENERAL; **BUSINESS**

ADMINISTRATION, GENERAL

Descriptor Codes: 0508; 0501; 0310

The investigation of **stock price volatility** has focused on the efficient markets model and variance bounds tests. Variance bounds tests compare the variance of actual stock price to an upper bound, which is the variance of a function of actual dividends. The bound is usually violated which suggests that stock price is not governed by fundamentals.

Previous tests have been conducted under the assumption that agents know the parameters of the dividend process and that these parameters are constant through time. The purpose of this dissertation is to consider the effect of uncertainty when the parameters of the dividend process are not fixed. In particular, the validity of previous variance bounds tests is examined. A bound on the variance of stock price is formulated that is valid when agents, using Bayes' rule, learn the unknown values of the parameters over time.

The derived bound compares the variance of the innovation of actual stock price to the variance of the innovation of a stock price **forecast**. The first variance is **estimated** using instrumental variables and the second is **estimated** using the Bayesian vector autoregression technique, a **forecasting** method that can be used to **estimate** a posterior distribution for parameter values given observed data. These two variances are **estimated** for four data sets and, in each case, the bound is violated. However, allowing inexact knowledge of the true specification of the dividend process increases the **predicted** bound by factors ranging from 1.17 to 3.10.

I also consider whether dividend payments are the relevant measure of the cash flows received by stockholders and, if not, the effect on the upper bound of the **volatility of stock price**. If total cash distributions are the relevant measure of cash flows, the **predicted** bound on volatility is increased by factors ranging from 12.29 to 51.34.

In sum, if uncertainty exists about the true parameters of the dividend process and if total distributions are the relevant cash flows, what seems to be excess **volatility in stock price** may not be at all. The **volatility of stock price** may be explained by learning and the volatility in total distributions.

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01133531 ORDER NO: AAD90-34489

**INFORMATION AND NOISE IN SPECULATIVE MARKETS: TWO ESSAYS**

Author: NIMALENDRAN, MAHENDRARAJAH

Degree: PH.D.

Year: 1990

Corporate Source/Institution: THE UNIVERSITY OF MICHIGAN (0127)

Chairperson: STANLEY J. KON

Source: VOLUME 51/07-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 2474. 120 PAGES

Descriptors: ECONOMICS, FINANCE; **BUSINESS** ADMINISTRATION, GENERAL

Descriptor Codes: 0508; 0310

The study makes three major contributions towards understanding the role of asymmetric information and noise in speculative markets. First, a model of informed speculation is developed in which the informed agent trades strategically so as to withhold part of the information. This leads to a model of imperfect competition which avoids the unsatisfactory "schizophrenia" problem associated with the competitive models in which each trader takes the equilibrium price as given despite the fact that he influences the price. The model yields **predictions** about the adverse selection component of the bid-ask spread, volatility of prices and the autocorrelation structure of returns. The **determinants** of the bid-ask spread is shown to depend on the fundamental parameters governing the information process and the noise in the system.

Second, an empirical methodology to test the **predictions** of the model is developed. This is achieved by postulating that the stock price dynamics follow a jump diffusion process where it is assumed that the diffusion component is induced by noise, and the jump component is due to the impact of significant information. Parameter **estimates** of the stochastic model are used as surrogates to test the **predictions**. The empirical results confirm the **predictions** of the model.

Finally, an event-study methodology is introduced that is based on the generalized Poisson jump diffusion model for the stock price dynamics. The model consists of a Weiner process which captures the normal **fluctuations** in **stock prices**, and an independent compound event process which models the price reaction to events. The structure added by separating the event process from the non-event process leads to a cumulative event return **estimator** that is more efficient and has higher power than the traditional multi-day abnormal return **estimator** for multiple events with event day uncertainty. A maximum likelihood technique is implemented to **estimate** the parameters of the model, and simulations confirm the higher power and efficiency of the **estimator**. The method is applied to study the impact of greenmail on stockholders and it is found that shareholders earn a positive return for the overall period including the blockholding and repurchase.

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01087218 ORDER NO: NOT AVAILABLE FROM UNIVERSITY MICROFILMS INT'L.

**ESSAYS ON THE EQUILIBRIUM DYNAMICS OF INVESTORS' OPTIMAL SHARE HOLDINGS**

Author: POWELL, JOHN GREGORY

Degree: PH.D.

Year: 1989

Corporate Source/Institution: UNIVERSITY OF TORONTO (CANADA) (0779)

SUPERVISOR: V. DARROCH-LOZOWSKI

Source: VOLUME 50/09-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 3009.

Descriptors: ECONOMICS, FINANCE

Descriptor Codes: 0508

This collection of essays investigates share trading activity on stock exchanges which is motivated by investors' attitudes towards risk. Trading in the essays' models will occur as market forces induce individuals to reallocate shares in order to obtain optimal risk - return tradeoffs for their invested wealth.

An examination of New York Stock Exchange data is conducted for the

essays in order to **determine** the empirical regularities of trading activity which models of share trading behaviour must address. The study indicates that investors tend to follow share trading strategies which are related to stock market conditions. A "stylized fact" of a positive correlation between absolute price changes and trading volume emerges from the study. Intertemporal correlations between trading volume and price volatility are found, and their implications for financial markets are discussed.

Share holding strategies which are related to market conditions are developed in the models presented in the essays. Alternative explanations of share trading activity have relied upon differences in investors' beliefs about return prospects. Model **predictions** are developed in order that the importance of trading activity induced by risk aversion can be empirically evaluated.

Trading in the first model is motivated by investors' differing degrees of relative risk aversion. More risk-averse individuals sell shares to the other individuals as prices rise in order that all investors can maintain optimal proportions of wealth invested in corporate stock.

Portfolio insurance considerations lead to the trading activity in the second model. The managed portfolio moves into shares in order to obtain a higher expected return when it is "safe" to do so. The manager must move out of shares of corporate stock during market downturns in order to ensure that the portfolio's value does not fall below a minimum floor level.

Equilibrium prices and returns are obtained in the models in relation to the underlying production returns of the economies' assets. This allows issues such as the fundamental role of share trading in a production economy, and the price volatility effects of share holding strategies, to be explored in an equilibrium setting. The effect of **corporations'** investment and dividend policies on the aggregate risk exposure of an economy are also analyzed.

The models **predict** that trading activity will be heavier when share prices move significantly. An important and unique implication of the second model is that trading activity will increase a great deal when markets rebound following significant downturns, as well as when corporate stock becomes riskier. The second model also **predicts** that the increasing importance of institutions on stock exchanges can be expected to increase **share price volatility**.

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**AN ECONOMETRIC STUDY OF THE SYSTEMATIC RISK OF SECURITIES USING THE BETA COEFFICIENT**

Author: SHIEH, JOHN TING-CHUNG

Degree: D.B.A.

Year: 1981

Corporate Source/Institution: UNIVERSITY OF SOUTHERN CALIFORNIA (0208)

Source: VOLUME 42/06-A OF DISSERTATION ABSTRACTS INTERNATIONAL.

PAGE 2759.

Descriptors: **BUSINESS** ADMINISTRATION

Descriptor Codes: 0310

Since the mid-1960s, the attention of the security analyst has been directed toward risk analysis due to wide **fluctuations** in **stock prices**. The search for accurate measures of systematic, or market-related, risk led to the use of the beta coefficient. During the past ten years several questions concerning the statistical problems in **estimating** betas have

been raised by many researchers. However, neither complete and thorough examinations of these problems nor definitive solutions to these problems have been suggested.

The objectives of this study are to test the statistical significance of beta **estimates** obtained from the ordinary least-squares method and to examine possible violations of the assumptions underlying the OLS method. Four models for beta **estimations** are proposed in this study to provide remedial measures for some of the statistical problems which exist in the beta **estimation** procedure.

All econometric studies of beta **estimation** methods are based on the least-squares regression using data taken from the CRSP (Center for Research in Security Prices, University of Chicago) Master Data Files. A sample of 50 firms whose beta **estimates** are computed and analyzed from 1926 to 1975, divided into ten subperiods. With two monthly returns regressing on two market indices in different combinations of simple regression, a total of 1,700 beta **estimates** are obtained and studied.

The main findings of this study are: (1) Based on the correlation coefficient, the t-statistic, and the standard error of **estimate** for all 1,700 regressions, the validity of the Sharpe Market Model is generally reaffirmed. (2) Variations in stock returns also resulted from differences in the types of returns and market indices used in the regression **estimations**.

The conclusion of this study suggests that the Sharpe Market Model remains a viable method for beta **estimations**. Beta **estimation** methods using the Market Model can be improved by either transforming the functional form of the regression or by including additional macroeconomic variables in the regression.

11/5/28 (Item 1 from file: 583)

DIALOG(R) File 583:Gale Group Globalbase(TM)

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09946136

Une Ztude de Deutsche Bank fait plonger Alstom

France: Alstom's share prices drop

La Tribune (XOT) 05 Dec 2002

Language: FRENCH

Alstom share prices fell to EUR 6.27 (US\$ 6.35), down 6.42%, on 4 December 2002. The **company**'s share prices have plummeted 16.84% since 3 December 2002. This drop came after the publication of a study by the Deutsche Bank which assesses the group's debt at nearly EUR 8bn (US\$ 8.1bn), values it at EUR 6.5bn (US\$ 6.58bn), and **forecasts** a share price objective of EUR 0.1 (US\$ 0.1). Alstom says that analysts' consensus values the **company** at EUR 10bn (US\$ 10.13bn). An analyst at the Deutsche Bank says that Alstom's **share prices** will remain **volatile** and risky if it does not meet the schedule of its 'Restore Value' plan, but if it does meet this schedule, its share price objective is EUR 12 (US\$ 12.15).

COMPANY: ALSTOM

PRODUCT: Railway Equipment (3740); Shipbuilding & Repair (3731); Turbines (3511); Electric Power Generating Equip (3617); Dynamos (3621DY); Civil Engineering (1600CE); Electricity Generation (4911);

COUNTRY: France (4FRA);

11/5/29 (Item 2 from file: 583)



DIALOG(R)File 583:Gale Group Globalbase(TM)  
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06594488

Smit to sell all shares in Seacor for \$37m  
NETHERLANDS: SMIT LOWERS RISKS BY SHARE SALE  
Lloyd's List (LL) 04 Mar 1998 p.2  
Language: ENGLISH

Smit Internationale, the Dutch salvage, tug services and maritime contracting group has exercised its option to sell its stake in Seacor Smit Inc to the US group for US\$ 37mn, due to the lack of dividend payments, and the financial risks associated with currency translations and **fluctuations** in Seacor Smit's **share price**. However, the group will retain its presence on Seacor Smit's board as well as continuing to operate in joint ventures. Smit Internationale stands to gain an **estimated** Fl 100mn before tax on the sale, which will boost its 1998 annual results.

COMPANY: SEACOR SMIT; SMIT INTERNATIONALE

EVENT: **Company Acquisitions** (16); **Planning & Information** (22);  
COUNTRY: Netherlands (4NET); United States (1USA);

11/5/30 (Item 3 from file: 583)

DIALOG(R)File 583:Gale Group Globalbase(TM)  
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03692011

DALGETY MAY BE AFFECTED BY DEATH OF HOLMES A COURT  
UK - DALGETY MAY BE AFFECTED BY DEATH OF HOLMES A COURT  
Today (TY) 3 September 1990 p27  
ISSN: 0040-8379

Dalgety (UK), food **company** with brands including Spillers and Homepride, may see its **share price fluctuate** following the death of R Holmes a Court, Australian **businessman**, who owned 50% of a stake worth GBP43.4 mil in Dalgety. The stake was owned through Como International, JV between Heytesbury (UK), owned by Holmes a Court, and Elf Aquitaine (France), oil **company**. For FY to 30 June 1990 Dalgety is **forecast** to report profit of GBP118 mil.

PRODUCT: Food & Drink (2000); Pet Food (2047); Bakery Products (2050);  
EVENT: **COMPANIES ACTIVITIES** (10);  
COUNTRY: United Kingdom (4UK); OECD Europe (415); NATO Countries (420);  
South East Asia Treaty Organisation (913);

11/5/31 (Item 1 from file: 474)

DIALOG(R)File 474:New York Times Abs  
(c) 2005 The New York Times. All rts. reserv.

05251774 NYT Sequence Number: 094000880111  
**MARKET PLACE: MERRILL SEES VOLATILITY FOR 1988**  
DE MARIA, LAWRENCE J  
New York Times, Col. 1, Pg. 4, Sec. 4  
Monday January 11 1988  
DOCUMENT TYPE: Newspaper JOURNAL CODE: NYT LANGUAGE: English  
RECORD TYPE: Abstract

ABSTRACT:

Market Place column notes that Merrill Lynch & Company analyst Robert J Farrell predicts that Dow Jones industrial average will rise in 1988 but there will be some volatility of stock prices (M)

DESCRIPTORS: STOCKS AND BONDS; STOCK PRICES AND TRADING VOLUME; DOW JONES STOCK AVERAGE; FORECASTS ; MARKET PLACE (TIMES COLUMN)

PERSONAL NAMES: DE MARIA, LAWRENCE J; FARRELL, ROBERT J

11/5/32 (Item 2 from file: 474)

DIALOG(R)File 474:New York Times Abs

(c) 2005 The New York Times. All rts. reserv.

00895414 NYT Sequence Number: 081166780212

(Allen Group chairman Walter Kissinger examines alternatives open to public companies regarding earnings forecasts . Recommends that companies issue own forecasts , to avoid possible stock price fluctuations caused by independent analysts' projections and to create mutually beneficial relationship with both analysts and shareholders. Notes that forecasts should augment and not replace existing investor communication programs, and should be updated to account for deviations from projected results (M).)

KISSINGER, WALTER B

New York Times, Col. 3, Pg. 12, Sec. 3

Sunday February 12 1978

DOCUMENT TYPE: Newspaper; Analysis JOURNAL CODE: NYT LANGUAGE: English

RECORD TYPE: Abstract

COMPANY NAMES: ALLEN GROUP INC

DESCRIPTORS: ACCOUNTING AND ACCOUNTANTS; COMPANY REPORTS (GENERAL);

CORPORATIONS ; DISCLOSURE OF INFORMATION; FINANCES; FORECASTS ;

SHAREHOLDERS; STOCKS (CORPORATE); STOCKS AND BONDS (GENERAL)

PERSONAL NAMES: KISSINGER, WALTER B

11/5/33 (Item 3 from file: 474)

DIALOG(R)File 474:New York Times Abs

(c) 2005 The New York Times. All rts. reserv.

00851048 NYT Sequence Number: 036800781203

(Fluctuation in stock prices for week ending Dec 1 are attributed to drop in farm prices, improvement of dollar against foreign currency, announcement of drop in nation's money supply and announcement of increase in US trade deficit. Expert forecast calls for continuing downward trend possibly hitting rock bottom in April. Recommends purchase of major stocks which will withstand expected business slowdown of '79. October's record setting corporate dividends detailed (M).)

VARTAN, VARTANIG G

New York Times, Col. 1, Pg. 21, Sec. 3

Sunday December 3 1978

DOCUMENT TYPE: Newspaper JOURNAL CODE: NYT LANGUAGE: English

RECORD TYPE: Abstract

COMPANY NAMES: FEDERAL RESERVE SYSTEM

DESCRIPTORS: AGRICULTURE AND AGRICULTURAL PRODUCTS; BALANCE OF PAYMENTS AND TRADE; CORPORATIONS ; CURRENCY; DIVIDENDS; ECONOMIC CONDITIONS AND TRENDS; FORECASTS ; INTERNATIONAL TRADE AND WORLD MARKET (GENERAL);

INVESTOR BEHAVIOR; MONEY SUPPLY; PRICES; STOCKS AND BONDS (GENERAL)

PERSONAL NAMES: VARTAN, VARTANIG G

GEOGRAPHIC NAMES: UNITED STATES

11/5/34 (Item 1 from file: 8)

DIALOG(R)File 8: Ei Compendex(R)

(c) 2005 Elsevier Eng. Info. Inc. All rts. reserv.

07032743 E.I. No: EIP04398373082

Title: A cool clear vision

Author: Drickhamer, David

Source: Industry Week v 253 n 9 September 2004.

Publication Year: 2004

CODEN: IWEEA4 ISSN: 0039-0895

Language: English

Document Type: JA; (Journal Article) Treatment: G; (General Review)

Journal Announcement: 0409W5

Abstract: Randy J. Hogan, CEO, Pentair was interviewed by IW about the acquisition and future of the St. Paul, Minn.-based **company**. According to Hogan, the **company**'s diversified water **business** is instrumental to its future success. Hogan believes the move gives the dollar 2.7 billion **company** more freedom to control its destiny as well as the highest potential for growth and returns to shareholders. The strategies for integrating WICOR into Pentair are also discussed. (Edited abstract)

Descriptors: \*Industrial management; Strategic planning; Cost effectiveness; Personnel; Mergers and acquisitions; **Probability**; Integration

Identifiers: Shareholders; Stable **business**; Market **fluctuations**;

**Stock prices**

Classification Codes:

912.2 (Management); 911.2 (Industrial Economics); 912.4 (Personnel);

922.1 (Probability Theory); 921.2 (Calculus)

912 (Industrial Engineering & Management); 911 (Cost & Value

Engineering; Industrial Economics); 922 (Statistical Methods); 921

(Applied Mathematics)

91 (ENGINEERING MANAGEMENT); 92 (ENGINEERING MATHEMATICS)

11/5/35 (Item 1 from file: 94)

DIALOG(R)File 94: JICST-EPlus

(c) 2005 Japan Science and Tech Corp (JST). All rts. reserv.

01250988 JICST ACCESSION NUMBER: 91A0017279 FILE SEGMENT: JICST-E

**A proposition of share price fluctuation grasp system according to a Markov model.**

NAOE HIDENORI (1); FUNAHASHI MASATOSHI (1)

(1) Nihonseisakushoshisutemukaihatsuken

Shisutemu Shinpojiumu Koen Ronbunshu, 1990; VOL.16th, PAGE.123-128, REF.10

JOURNAL NUMBER: F0428BAS

UNIVERSAL DECIMAL CLASSIFICATION: 657.44

LANGUAGE: Japanese COUNTRY OF PUBLICATION: Japan

DOCUMENT TYPE: Conference Proceeding

ARTICLE TYPE: Original paper

MEDIA TYPE: Printed Publication

ABSTRACT: By making the **fluctuation** rate of **share prices** as an index, electrical machinery brands are classified by K - neighbourhood method.

**Fluctuations** of the **share price** of a representation brand of each group are classified into five patterns by a method of polynomial expansion. By reviewing this transition, the group to which the brand belongs and the variation pattern of a representation brand of the group can be found. Thus, the fluctuation of a certain brand can be

roughly **determined** .

DESCRIPTORS: **business** management; dividend; stock(share); stock market;  
investment in stock; fluctuation and variation; pattern classification;  
data collection; group(mathematics); cluster analysis; transition  
**probability**

BROADER DESCRIPTORS: management; distribution and partition;  
securities(bill); market; investment; classification; information  
collection; collection; acquisition; information processing; treatment;  
statistical analysis; analysis; statistical method; **probability**

CLASSIFICATION CODE(S): KA05030A

11/5/36 (Item 1 from file: 34)

DIALOG(R)File 34:SciSearch(R) Cited Ref Sci

(c) 2005 Inst for Sci Info. All rts. reserv.

06310993 Genuine Article#: YH659 Number of References: 23

**Title: Market participation and share prices**

Author(s): Orosel GO (REPRINT)

Corporate Source: UNIV VIENNA, DEPT ECON, BRUENNER STR 72/A-1210

VIENNA//AUSTRIA/ (REPRINT)

Journal: MATHEMATICAL FINANCE, 1997, V7, N4 (OCT), P375-398

ISSN: 0960-1627 Publication date: 19971000

Publisher: BLACKWELL PUBLISHERS, 350 MAIN STREET, STE 6, CAMBRIDGE, MA  
02148-5023

Language: English Document Type: ARTICLE

Geographic Location: AUSTRIA

Subfile: CC SOCS--Current Contents, Social & Behavioral Sciences;

Journal Subject Category: MATHEMATICS, APPLIED

Abstract: Share prices are analyzed in an overlapping generations model in  
which the generational size is random. This models stochastic  
fluctuations of market participants and can explain noninformational  
**volatility** of **share prices** . There exists a (stochastic) stationary  
equilibrium, which may be nonunique. In equilibrium, (a) the share  
price increases and (b) expected utility decreases with the  
generational size. A decline of this size below a critical level  
induces a crash: the stock price falls substantially, shares are  
undervalued, and investors' demand is restricted by illiquidity.  
Further, the model **predicts** the empirically observed positive  
correlation between volume of trade and absolute price changes.

Descriptors--Author Keywords: **share prices** ; **volatility** ; crash ;  
market participation

Identifiers--KeyWord Plus(R): ASSET PRICES; **STOCK - PRICES** ; TRADING  
VOLUME; INFORMATION; MODEL; EQUILIBRIUM; **VOLATILITY**; DIVIDENDS

Research Fronts: 95-5602 002 (UK STOCK RETURNS; EMERGING EQUITY MARKETS;  
MODELING MEAN REVERSION OF ASSET PRICES; **BUSINESS** CYCLES)

95-0295 001 (FOREIGN-EXCHANGE MARKET; TRADING PATTERNS; UK STOCK  
RETURNS; INTRADAY BEHAVIOR OF BID-ASK SPREADS; INFORMATIONAL  
EFFICIENCY; ORDER FLOW)

95-0357 001 (FIRM INVESTMENT; CORPORATE GOVERNANCE; OPTIMAL CAPITAL  
STRUCTURE; CEO COMPENSATION)

95-0637 001 (NONEXPECTED UTILITY FRAMEWORK; AMBIGUITY AVERSION; MENTAL  
ACCOUNTING; FRAMING OF DECISIONS; MULTIVARIATE COMPARATIVE STATICS)

95-2447 001 (EXPECTED STOCK RETURNS; CAPITAL-ASSET PRICING MODEL;  
TIME-VARYING WORLD MARKET INTEGRATION; FINANCIAL INSTITUTIONS; DEPOSIT  
INSURANCE; PORTFOLIO EFFICIENCY)

Cited References:

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 SHILLER RJ, 1981, V71, P421, AM ECON REV  
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 STIGLITZ JE, 1981, V71, P393, AM ECON REV  
 VARIAN HR, 1989, P3, FINANCIAL RISK THEOR  
 WANG J, 1994, V102, P127, J POLIT ECON

11/5/37 (Item 2 from file: 34)

DIALOG(R)File 34:SciSearch(R) Cited Ref Sci  
 (c) 2005 Inst for Sci Info. All rts. reserv.

05160223 Genuine Article#: VE278 Number of References: 37

**Title: VOLUME, VOLATILITY, AND LEVERAGE - A DYNAMIC ANALYSIS**

Author(s): TAUCHEN G; ZHANG H; LIU M

Corporate Source: DUKE UNIV,DEPT ECONOMETR/DURHAM//NC/27708; CARNEGIE  
 MELLON UNIV,GRAD SCH IND ADM/PITTSBURGH//PA/15213

Journal: JOURNAL OF ECONOMETRICS, 1996, V74, N1 (SEP), P177-208

ISSN: 0304-4076

Language: ENGLISH Document Type: ARTICLE

Geographic Location: USA

Subfile: SocSearch; SciSearch; CC SOCS--Current Contents, Social &  
 Behavioral Sciences

Journal Subject Category: SOCIAL SCIENCES, MATHEMATICAL METHODS; ECONOMICS;  
 MATHEMATICS, MISCELLANEOUS

Abstract: This paper uses dynamic impulse response analysis to investigate  
 the interrelationships among **stock price volatility**, trading  
 volume, and the leverage effect. Dynamic impulse response analysis is a  
 technique for analyzing the multi-step-ahead characteristics of a  
 nonparametric **estimate** of the one-step conditional density of a  
 strictly stationary process. The technique is the generalization to a  
 nonlinear process of Sims-style impulse response analysis for linear  
 models. In this paper, we refine the technique and apply it to a long  
 panel of daily observations on the price and trading volume of four  
 stocks actively traded on the NYSE: Boeing, Coca-Cola, IBM, and MMM.

Descriptors--Author Keywords: DYNAMIC IMPULSE RESPONSE ; FINANCIAL TIME  
 SERIES ; NONLINEAR PROCESSES

Identifiers--KeyWords Plus: TRADING VOLUME; VARIANCE; MODELS; RETURNS;  
 PRICES

Research Fronts: 94-2859 003 (STOCHASTIC VOLATILITY MODELS; CONDITIONAL  
 HETEROSCEDASTICITY OF STOCK RETURNS; NONLINEAR TIME-SERIES)

94-0420 001 (FAST SUBSPACE DECOMPOSITION; DIRECTION-OF-ARRIVAL OF  
 SIGNALS; UNIFORM CIRCULAR ARRAYS; MODEL SELECTION; MULTIPLE DATA  
 RECORDS)

94-2430 001 (STOCHASTIC VOLATILITY MODELS; ASSET RETURNS; UNITED-STATES  
 DEMAND)

94-2709 001 (MACROECONOMIC FLUCTUATIONS; REAL **BUSINESS** CYCLES;

File 16:Gale Group PROMT(R) 1990-2005/Apr 04  
(c) 2005 The Gale Group  
File 148:Gale Group Trade & Industry DB 1976-2005/Apr 04  
(c)2005 The Gale Group  
File 160:Gale Group PROMT(R) 1972-1989  
(c) 1999 The Gale Group  
File 275:Gale Group Computer DB(TM) 1983-2005/Apr 04  
(c) 2005 The Gale Group  
File 621:Gale Group New Prod.Annou.(R) 1985-2005/Apr 04  
(c) 2005 The Gale Group  
File 636:Gale Group Newsletter DB(TM) 1987-2005/Apr 04  
(c) 2005 The Gale Group  
File 9:Business & Industry(R) Jul/1994-2005/Mar 31  
(c) 2005 The Gale Group  
File 15:ABI/Inform(R) 1971-2005/Apr 04  
(c) 2005 ProQuest Info&Learning  
File 20:Dialog Global Reporter 1997-2005/Apr 04  
(c) 2005 The Dialog Corp.  
File 95:TEME-Technology & Management 1989-2005/Feb W3  
(c) 2005 FIZ TECHNIK  
File 476:Financial Times Fulltext 1982-2005/Apr 04  
(c) 2005 Financial Times Ltd  
File 610:Business Wire 1999-2005/Apr 03  
(c) 2005 Business Wire.  
File 613:PR Newswire 1999-2005/Apr 04  
(c) 2005 PR Newswire Association Inc  
File 624:McGraw-Hill Publications 1985-2005/Apr 04  
(c) 2005 McGraw-Hill Co. Inc  
File 634:San Jose Mercury Jun 1985-2005/Apr 01  
(c) 2005 San Jose Mercury News  
File 810:Business Wire 1986-1999/Feb 28  
(c) 1999 Business Wire  
File 813:PR Newswire 1987-1999/Apr 30  
(c) 1999 PR Newswire Association Inc  
File 88:Gale Group Business A.R.T.S. 1976-2005/Apr 01  
(c) 2005 The Gale Group  
File 647:CMP Computer Fulltext 1988-2005/Mar W3  
(c) 2005 CMP Media, LLC  
File 674:Computer News Fulltext 1989-2005/Mar W4  
(c) 2005 IDG Communications  
File 696:DIALOG Telecom. Newsletters 1995-2005/Apr 01  
(c) 2005 The Dialog Corp.  
File 369:New Scientist 1994-2005/Mar W2  
(c) 2005 Reed Business Information Ltd.  
File 484:Periodical Abs Plustext 1986-2005/Mar W4  
(c) 2005 ProQuest  
File 370:Science 1996-1999/Jul W3  
(c) 1999 AAAS  
File 553:Wilson Bus. Abs. FullText 1982-2004/Dec  
(c) 2005 The HW Wilson Co

Set	Items	Description
S1	49658	(SHARE OR SHARES OR STOCK OR STOCKS) () (PRICE OR PRICES) (5N- (VOLATIL? OR FLUCTUAT? OR BETA)
S2	14747151	(PREDICT? OR FORECAST? OR FORETELL? OR ESTIMAT? OR DETERMI- N? OR PROBABILIT?)
S3	13916	S2 (5N) DEFAULT?
S4	44546	S2 (5N) (COMPANY OR BUSINESS) (5N) (DEFAULT? OR LOSS OR LOSSES)
S5	1846	AU=(LARDY, J? OR LARDY J? OR FINKELSTEIN, V? OR FINKELSTEIN V? OR KHUONG()HUU, P? OR KHUONG()HUU P? OR YANG, Y? OR YANG - Y?)

S6	36	S1(S) (S3 OR S4)
S7	18	S6 NOT PY>2000
S8	11	RD (unique items)
S9	0	S5(S)S1
?		

8/3,K/1 (Item 1 from file: 16)  
DIALOG(R)File 16:Gale Group PROMT(R)  
(c) 2005 The Gale Group. All rts. reserv.

05899995 Supplier Number: 53110857 (USE FORMAT 7 FOR FULLTEXT)  
**Default-risk bookies. (KMV Corp.).**  
Weinberg, Neil  
Forbes, p124(1)  
Nov 2, 1998  
Language: English Record Type: Fulltext  
Document Type: Magazine/Journal; General Trade  
Word Count: 1588

... North America, Asia and Europe. Users can program the system to flag sudden shifts in **default probabilities**, then break them down to see if they result from changes in leverage, **stock prices** or **stock - price volatility**. With 55 employees, including 15 Ph.D.s, KMV should take in about \$20 million...

8/3,K/2 (Item 1 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
(c)2005 The Gale Group. All rts. reserv.

09828385 SUPPLIER NUMBER: 17214972 (USE FORMAT 7 OR 9 FOR FULL TEXT)  
**Corporate credit-scoring models: approaches and tests for successful implementation.**  
Altman, Edward I.; Haldeman, Robert  
Journal of Commercial Lending, v77, n9, p10(13)  
May, 1995  
ISSN: 1062-6271 LANGUAGE: English RECORD TYPE: Fulltext; Abstract  
WORD COUNT: 5809 LINE COUNT: 00475

... volatility of the asset's value, it is posited to be a key concept in **estimating** expected **default**.

The problem with using measures of volatility as proxies for default is the attendant volatility...

8/3,K/3 (Item 2 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
(c)2005 The Gale Group. All rts. reserv.

06508523 SUPPLIER NUMBER: 14378033 (USE FORMAT 7 OR 9 FOR FULL TEXT)  
**What's ahead for wholesale intermediation.**  
Rose, Sanford  
Journal of Retail Banking, v15, n2, p37(7)  
Summer, 1993  
ISSN: 0195-2064 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT; ABSTRACT  
WORD COUNT: 4279 LINE COUNT: 00330

... their stock prices. Basically the model determines default probabilities by measuring the amount of negative **stock - price volatility** that would be needed to reduce the value of the borrower's equity to the...

8/3,K/4 (Item 3 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
(c)2005 The Gale Group. All rts. reserv.



05886504 SUPPLIER NUMBER: 12281565 (USE FORMAT 7 OR 9 FOR FULL TEXT)  
**How to allocate capital for loan concentration.**  
Rose, Sanford  
American Banker, v157, n92, p1(2)  
May 13, 1992  
ISSN: 0002-7561 LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT; ABSTRACT  
WORD COUNT: 1625 LINE COUNT: 00129

... for publicly held corporations by measuring the connection between  
stock-price volatility and the expected **probability of default** .  
Distance from **Default**  
In essence, a state-of-the-art credit model built by the KMV Corp. of  
...

8/3,K/5 (Item 4 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
(c)2005 The Gale Group. All rts. reserv.

05867671 SUPPLIER NUMBER: 12113076 (USE FORMAT 7 OR 9 FOR FULL TEXT)  
**Why banks are reluctant to lend money. (Column)**  
Rose, Sanford  
American Banker, v157, n68, p1(2)  
April 8, 1992  
DOCUMENT TYPE: Column ISSN: 0002-7561 LANGUAGE: ENGLISH  
RECORD TYPE: FULLTEXT; ABSTRACT  
WORD COUNT: 1080 LINE COUNT: 00083

... Corp. of San Francisco, which generates expected default  
probabilities for publicly traded companies based on **stock price**  
**volatility** .  
Subtracting out large companies as well as those that carry no bank  
debt, we found...

8/3,K/6 (Item 5 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
(c)2005 The Gale Group. All rts. reserv.

05542220 SUPPLIER NUMBER: 11654685 (USE FORMAT 7 OR 9 FOR FULL TEXT)  
**How to measure the adequacy of loss reserves. (Comment) (Column)**  
Rose, Sanford  
American Banker, v156, n237, p1(2)  
Dec 11, 1991  
DOCUMENT TYPE: Column ISSN: 0002-7561 LANGUAGE: ENGLISH  
RECORD TYPE: FULLTEXT  
WORD COUNT: 1089 LINE COUNT: 00086

... probabilities by analyzing stockprice movements. A company's  
default likelihood equals the amount of downside **stock - price**  
**volatility** that would lower the value of equity to the point where,  
together with the associated...

8/3,K/7 (Item 6 from file: 148)  
DIALOG(R)File 148:Gale Group Trade & Industry DB  
(c)2005 The Gale Group. All rts. reserv.

05509970 SUPPLIER NUMBER: 11239964 (USE FORMAT 7 OR 9 FOR FULL TEXT)

A breakthrough in assessment of credit risk. (Comment) (column)

Rose, Sanford

American Banker, v156, n176, p1(3)

Sept 12, 1991

DOCUMENT TYPE: column ISSN: 0002-7561

LANGUAGE: ENGLISH

RECORD TYPE: FULLTEXT

WORD COUNT: 1837 LINE COUNT: 00142

... the current debt. As noted, stock volatility equal to two standard deviations suggests that the **stock price** can **fluctuate** more than \$10 to either side of its mean one chance in 20, or 5...

8/3,K/8 (Item 1 from file: 15)

DIALOG(R)File 15:ABI/Inform(R)

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01866275 05-17267

**Credit and fixed-income: Can we learn from equity management?**

Munro, Joanna

Global Investor n124 PP: 34-38 Jul/Aug 1999

ISSN: 0951-3604 JRNL CODE: GLI

WORD COUNT: 2953

...TEXT: return opportunities.

Systems such as Helix and the KMV Credit Monitor use balance sheet and **stock price** levels and **volatility** to **estimate** a **default probability** for a **company**'s issues. By comparing this with the S&P or Moody's rating for the...

8/3,K/9 (Item 2 from file: 15)

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01523445 01-74433

**Scoring methods**

Anonymous

Business Review (Federal Reserve Bank of Philadelphia) PP: 5 Sep/Oct 1997

ISSN: 0007-7011 JRNL CODE: FRB

WORD COUNT: 552

...TEXT: into high and low default-risk classes.

Two newer methods beginning to be used in **estimating default probabilities** include optionspricing theory models and neural networks. These methods have the potential to be more...

...the borrower's assets falls below the value of its outstanding debt, the borrower may **default**. The models infer the **probability** a firm will **default** from an **estimate** of the firm's asset-price volatility, which is usually based on the observed volatility...

...although, as McAllister and Mingo point out, it has not been empirically verified that shortrun **volatility** of **stock prices** is related to **volatility** of asset values in a predictable way. Saunders discusses other assumptions of the options-pricing...

8/3,K/10 (Item 1 from file: 20)  
DIALOG(R)File 20:Dialog Global Reporter  
(c) 2005 The Dialog Corp. All rts. reserv.

05306554

**Flying start for Net travel agent**

Lachlan Johnston

ABIX - AUSTRALASIAN BUSINESS INTELLIGENCE (SYDNEY MORNING HERALD) , p23

May 13, 1999

JOURNAL CODE: WSMH LANGUAGE: English RECORD TYPE: ABSTRACT

WORD COUNT: 143

... acquisition of SBT will offer competition in the corporate market. Analysts were critical of the **company's predicted losses** and the speculative nature of investment. Another analyst said the **business** is "just a shop" and has no intellectual property

8/3,K/11 (Item 1 from file: 553)  
DIALOG(R)File 553:Wilson Bus. Abs. FullText  
(c) 2005 The HW Wilson Co. All rts. reserv.

03583799 H.W. WILSON RECORD NUMBER: BWBA97083799 (USE FORMAT 7 FOR FULLTEXT)

**What's the point of credit scoring?.**

Mester, Loretta J

Federal Reserve Bank of Philadelphia Business Review (Fed Reserve Bank

Phila Bus Rev) (Sept./Oct. '97) p. 3-16

LANGUAGE: English

WORD COUNT: 7887

(USE FORMAT 7 FOR FULLTEXT)

TEXT:

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